

Pursuant to the Governor's Executive Order N-29-20, all members of the City Council, as well as the City Administrator, City Attorney and City Clerk will join the meeting via phone/video conference and no teleconference locations are required

Oakland Police and Fire Retirement Board meetings are being held via Tele-Conference. Please see the agenda to participate in the meeting. For additional information, contact the Retirement Unit by calling (510) 238-6481.



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

AGENDA

AUDIT COMMITTEE MEMBERS

John C. Speakman
Chairperson

R. Steve Wilkinson
Member

Kevin Traylor
Member

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

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

Wednesday, January 27, 2021

9:30 am

**Tele-Conference Board Meeting
via Zoom Webinar**

OBSERVE

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

PUBLIC COMMENTS

There are three ways to submit public comments.

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

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR AUDIT COMMITTEE MEETING
JANUARY 27, 2021**

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

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

--- ORDER OF BUSINESS ---

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

Recommendation: APPROVE December 10, 2020 Audit Committee Meeting Minutes.
- 2. Subject: Administrative Expenses Report**
From: Staff of the PFRS Board

Recommendation: ACCEPT an informational report regarding PFRS administrative expenses as of November 20, 2020.
- 3. Subject: Annual Report for Fiscal Year Ending June 30, 2020**
From: Staff of the PFRS Board

Recommendation: RECOMMEND BOAD APPROVAL of printing and publication of the Annual Report of the Oakland Police and Fire Retirement System for the Fiscal Year Ending June 30, 2020
- 4. REVIEW OF PENDING AUDIT COMMITTEE MEETING AGENDA ITEMS**
- 5. OPEN FORUM**
- 6. FUTURE SCHEDULING**
- 7. ADJOURNMENT**

AN AUDIT/OPERATIONS COMMITTEE SPECIAL MEETING of the Oakland Police and Fire Retirement System (“PFRS”) was held on Thursday, December 10, 2020 via Zoom Tele-Conference.

Committee Members Present:

- John C. Speakman Chairperson
- Kevin R. Traylor Member
- R. Steven Wilkinson Member

Additional Attendees:

- David Jones Plan Administrator
- Teir Jenkins Staff Member
- Maxine Visaya Staff Member
- Jennifer Logue PFRS Legal Counsel
- Annie Louie Macias, Gini, & O’Connell, LLP

The Meeting was called to order at 9:03 a.m. PST

1. **PFRS Audit Committee Meeting Minutes** – Member Traylor made a motion to approve the October 28, 2020 Audit Committee meeting minutes, second by Member Wilkinson. Motion passed.

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

2. **Report of the Audit of PFRS Financial Statements for the Year Ending June 30, 2020** – Annie Louie from Macias, Gini, & O’Connell, LLP presented an informational report of the Audit of PFRS Financial Statements for the Year Ending June 30,2020. Annie Louie noted it was a smooth audit and the firm issued an unmodified opinion on the financial statements, which is the highest-level assurance that can be received. No deficiencies in the financial statements or reporting practices were found and there are no matters to report at this time.

MOTION: Member Traylor made a motion to accept the report and forward to the Full Board for approval, second by Member Wilkinson. Motion passed.

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

3. **Administrative Expenses Report** – Investment Officer Teir Jenkins presented an informational report of the PFRS administrative expenditures as of October 31, 2020.

MOTION: Member Wilkinson made a motion to accept the administrative expenses report and forward to the Full Board for approval, second by Member Traylor. Motion passed.

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

4. **Resolution No. 8004 - Approving Request of PFRS Trustee R. Steven Wilkinson to Attend the National Association of Securities Professionals 31st Annual Virtual Pension & Financial Services Conference and for Reimbursement of Registration Expenses for said Conference**

MOTION: Member Traylor made a motion to approve Resolution No. 8004, second by Chairperson Speakman. Motion passed.

[SPEAKMAN – Y/ WILKINSON – ABSTAIN / TRAYLOR – Y]
(AYES: 2 / NOES: 0 / ABSTAIN: 1)

5. **Resolution No. 8005 - Approving Request of PFRS Plan Administrator David F. Jones to Attend the National Association of Securities Professionals 31st Annual Virtual Pension & Financial Services Conference and for Reimbursement of Registration Expenses for said Conference** – PFRS Plan Administrator and Secretary to the PFRS Committees and Board, David F. Jones, requested this item be removed as he was unable to attend due to conflict in scheduling and cancelled his registration.

MOTION: Member Traylor made a motion to remove this item from the agenda based on David F. Jones comments regarding his inability to attend the conference, second by Member Wilkinson. Motion passed; no action was taken on this item.

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

6. **Review of Pending Audit Committee Meeting Agenda Items** – David Jones provided a brief update on two pending items: (1) Ad Hoc Committee met December 8, 2020 and will be bringing a memo/report within 60 days to present findings; and (2) The 2006 Management Audit remains pending due to COVID-19 restrictions in place and the need for staff to be on-site to review records.
7. **Open Forum** – No Report
8. **Future Scheduling** – The next Regular Audit Committee Meeting is tentatively scheduled for January 27, 2021 at 9:00 a.m. PST.
9. **Adjournment** – Member Wilkinson made a motion to adjourn, second by Member Traylor. Motion Passed.

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

The meeting adjourned at 9:20 am PST

JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN

DATE

Table 1

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Administrative Budget Spent to Date (Preliminary)

As of November 30, 2020

	Approved Budget		November 2020		FYTD		Remaining		Percent Remaining	
Internal Administrative Costs										
PFRS Staff Salaries	\$	1,200,000	\$	118,813	\$	474,521	\$	725,479		60.5%
Board Travel Expenditures		52,500		-		-		52,500		100.0%
Staff Training		20,000		-		110		19,890		99.5%
Staff Training - Tuition Reimbursement		7,500		-		-		7,500		100.0%
Annual Report & Duplicating Services		4,000		-		-		4,000		100.0%
Board Hospitality		3,600		-		-		3,600		100.0%
Payroll Processing Fees		40,000		-		-		40,000		100.0%
Miscellaneous Expenditures		40,000		760		3,559		36,441		91.1%
Internal Service Fees (ISF)		88,000		-		52,005		35,995		40.9%
Contract Services Contingency		50,000		-		1,200		48,800		97.6%
Internal Administrative Costs Subtotal :	\$	1,505,600	\$	119,573	\$	531,395	\$	974,205		64.7%
Actuary and Accounting Services										
Audit	\$	45,000	\$	3,213	\$	44,054	\$	946		2.1%
Actuary		46,500		-		-		46,500		100.0%
Actuary and Accounting Subtotal:	\$	91,500	\$	3,213	\$	44,054	\$	47,446		51.9%
Legal Services										
City Attorney Salaries	\$	188,000	\$	14,297	\$	76,099	\$	111,901		59.5%
Legal Contingency		150,000		-		-		150,000		100.0%
Legal Services Subtotal:	\$	338,000	\$	14,297	\$	76,099	\$	261,901		77.5%
Investment Services										
Money Manager Fees	\$	1,353,000	\$	-	\$	246,079	\$	1,106,921		81.8%
Custodial Fee		124,000		-		29,125		94,875		76.5%
Investment Consultant		100,000		-		25,000		75,000		75.0%
Investment Subtotal:	\$	1,577,000	\$	-	\$	300,204	\$	1,276,796		81.0%
Total Operating Budget	\$	3,512,100	\$	137,082	\$	951,752	\$	2,560,348		72.90%

Table 2

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Cash in Treasury (Fund 7100) - Preliminary

As of November 30, 2020

	November 2020
Beginning Cash as of 10/31/2020	\$ 6,090,576
Additions:	
City Pension Contribution - November	\$ 3,637,333
Investment Draw	\$ 1,000,000
Misc. Receipts	-
Total Additions:	\$ 4,637,333
Deductions:	
Pension Payment (October Pension Paid on 11/1/2020)	(4,454,993)
Expenditures Paid	(209,587)
Total Deductions	\$ (4,664,580)
 Ending Cash Balance as of 11/30/2020*	 \$ 6,063,329

* On 12/1/2020, November pension payment of appx \$4,410,000 will be made leaving a cash balance of \$1,653,000

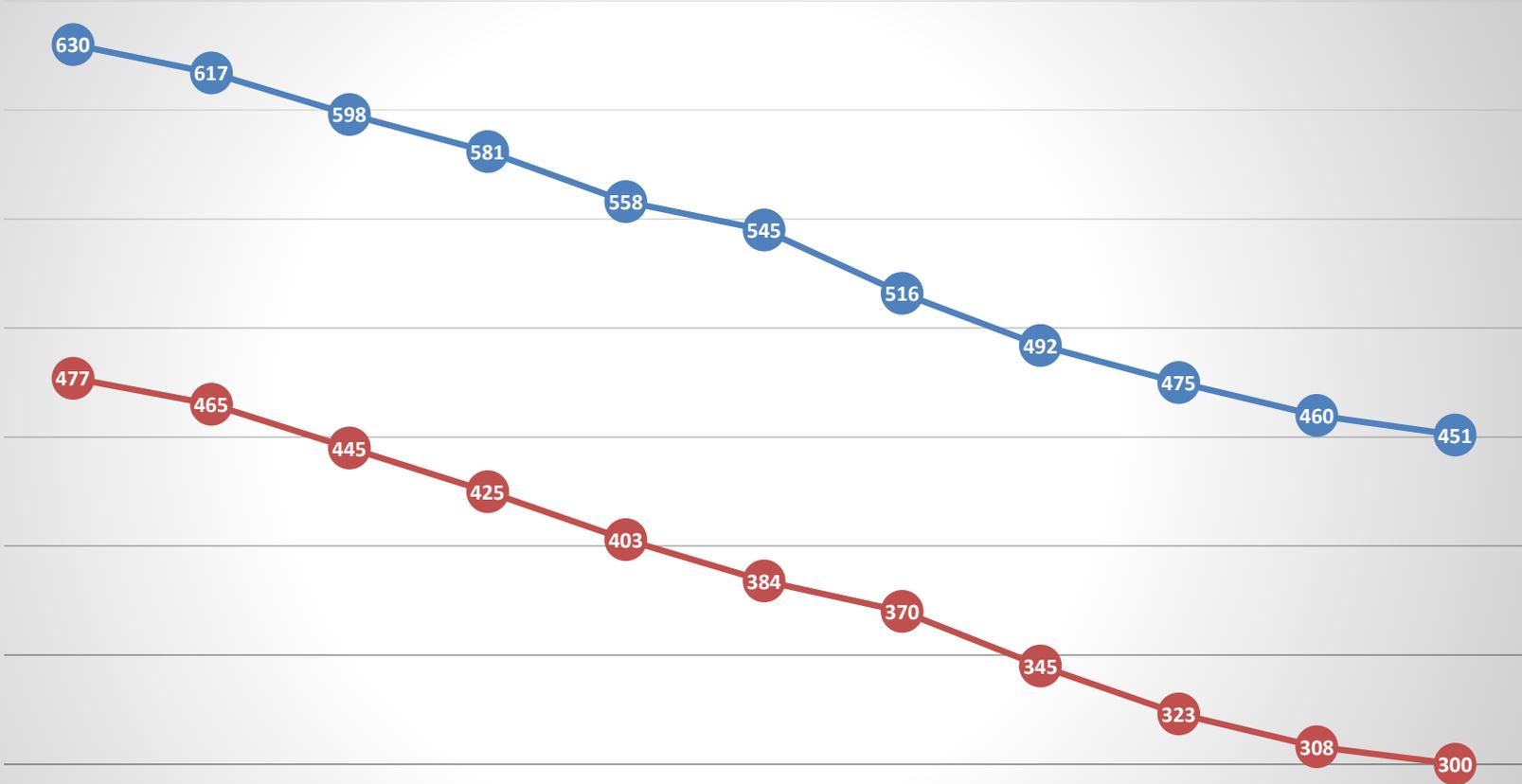
Table 3
CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Census
As of November 30, 2020

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Retiree	323	189	512
Beneficiary	128	111	239
<i>Total Retired Members</i>	451	300	751
<i>Total Membership:</i>	451	300	751

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Service Retirement	302	153	455
Disability Retirement	137	134	271
Death Allowance	12	13	25
<i>Total Retired Members:</i>	451	300	751
<i>Total Membership as of November 30, 2020:</i>	451	300	751
<i>Total Membership as of June 30, 2020:</i>	460	308	768
<i>Annual Difference:</i>	-9	-8	-17

Oakland Police and Fire Retirement System Pension Plan Membership Count As of November 30, 2020 (FY 2011 - FY 2021)



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 FYTD
Police	630	617	598	581	558	545	516	492	475	460	451
Fire	477	465	445	425	403	384	370	345	323	308	300
Total	1107	1082	1043	1006	961	929	886	837	798	768	751

CITY OF OAKLAND

POLICE & FIRE RETIREMENT SYSTEM



ANNUAL REPORT
Fiscal Year Ended June 30, 2020



City of Oakland

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IN MEMORIAM

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TAB DIVIDER

INTRODUCTION

TAB DIVIDER

SECTION 1

INTRODUCTION



C.D. Williams
Lieutenant of Police
Served with Oakland Police Department
1971 to 1997

LETTERS OF TRANSMITTAL

CITY OF OAKLAND



150 FRANK H. OGAWA PLAZA, SUITE 3349 · OAKLAND, CALIFORNIA 94612-2021

Finance Department
Treasury Bureau
Retirement Unit

(510) 238-3307
FAX (510) 238-7129
CA RELAY 711

December 15, 2020

Oakland City Council
1 Frank H. Ogawa Plaza
Oakland, CA 94612

Honorable Mayor Schaaf and Members of the City Council:

I am pleased to present the annual report of the Oakland Police and Fire Retirement System for the fiscal year ended June 30, 2020. Provided in this report are the Plan's Financial Information, Investment Performance, and Actuarial Valuation for the corresponding year.

The members of the Board express their appreciation to the Mayor and City Council, City Administrator, City Attorney, the various City Agencies and Departments and the members of their staff for their cooperation and assistance.

Respectfully submitted,

A handwritten signature in black ink that reads "Walter L. Johnson, Sr.".

Walter L. Johnson, Sr., President
Oakland Police and Fire Retirement System

LETTERS OF TRANSMITTAL

CITY OF OAKLAND



150 FRANK H. OGAWA PLAZA, SUITE 3349 · OAKLAND, CALIFORNIA 94612-2021

Finance Department
Treasury Bureau
Retirement Unit

(510) 238-3307
FAX (510) 238-7129
CA RELAY 711

December 29, 2020

Oakland Police and Fire Retirement Board
150 Frank H. Ogawa Plaza, Suite 3349
Oakland CA 94612

Board of Trustees:

I am pleased to present the Annual Report of the Oakland Police and Fire Retirement System for the fiscal year ended June 30, 2020.

ACCOUNTING SYSTEM

The accompanying financial statements have been prepared in compliance with the City Charter and in accordance with the accounting and reporting requirements of the Governmental Accounting Standards Board (GASB) and the reporting requirements prescribed by the Government Finance Officers' Association of the United States and Canada (GFOA).

The method for recording additions and deductions is on an accrual basis. Additions are taken into account when earned, regardless of the date of the collection, and deductions are recorded when the corresponding liabilities are incurred instead of when payment is made. Amortization of bond premiums and discounts are over the life of the investment security and actuarial reserves are funded via the entry age normal cost method.

ADDITIONS

Additions to the plan includes all income received into the Plan for the Fiscal Year. Pension Plan's sources of income include items such as contributions and investment income. Total additions for the fiscal year ended June 30, 2020 were \$50,405,965.

LETTERS OF TRANSMITTAL

This amount includes a net investment income of \$6,996,833. Net investment income includes appreciation or depreciation in fair value of investments, interest income and dividend income less investment expenses during the fiscal year. In addition, the City contributed \$43,409,000 during the fiscal year. As of June 30, 2020, all the System's members are retired.

DEDUCTIONS

Total deductions to the plan in the fiscal year ended June 30, 2020 were \$56,141,989. This amount includes deductions of \$54,619,079 for pension payments to members and qualified beneficiaries.

RESERVES AND FUNDING

The Police and Fire Retirement System most recent actuarial study values the Plan as of June 30, 2019. Details regarding this actuarial study can be found in Section 4 of this annual report.

As of the most recent actuary study dated June 30, 2019, the System's Unfunded Actuarial Liability is approximately \$261,800,000, and the System had a Funded Ratio of 61.8 percent on a Market Value of Assets (MVA) basis. During fiscal year 2020, the City of Oakland contributed \$43,410,000 to the System. The next required City contribution is projected to be approximately \$43,650,000 in FY 2020-2021.

INVESTMENTS

The Police and Fire Retirement System Investment Policy is used as a guideline for all investment activities. The Investment Policy includes an asset allocation plan. The plan consists of six asset classes: Domestic Stocks, International Stocks, Fixed Income Instruments, Credit, Covered Calls and Crisis Risk Offset (CRO). In addition, the Policy also allocates among the different investment management styles.

Total Investment Income resulted in a gain of \$6,996,833 in fiscal year 2020. The actual money-weighted annual investment return for fiscal year 2020 was 2.04%. GASB requires that investments be reported at fair value. The appreciation (depreciation) in fair value of investments held by PFRS is recorded as an increase (decrease) in investment income based on the valuation of investments at year-end.

LETTERS OF TRANSMITTAL

The historical annualized money-weighted rates of return on the portfolios are as follows:

Total Returns %			
	1 Year	3 Year	5 Year
Total Fund	2.04%	6.26%	6.31%

ACKNOWLEDGEMENTS

The compilation of this report reflects the combined efforts of the Retirement System Administration Staff, the Board of Trustees, and various professional consultants. Its intent is to provide complete and reliable information to the beneficiaries of the Plan, to serve as a basis for making management decisions, and to ensure compliance with legal provisions affecting the administration of the Plan.

Respectfully submitted,



David Jones
Plan Administrator

MEMBERS OF THE BOARD OF ADMINISTRATION



Jaime T. Godfrey
Vice President
Bank Representative



Walter L. Johnson, Sr.
President
Community Representative



John C. Speakman
Fire Department Representative



R. Steven Wilkinson
Insurance Representative

Plan Administrator
David Jones
Treasury Administrator

Legal Advisor, City of Oakland
Jennifer Logue
Supervising Attorney



Kevin R. Traylor
Police Department Representative



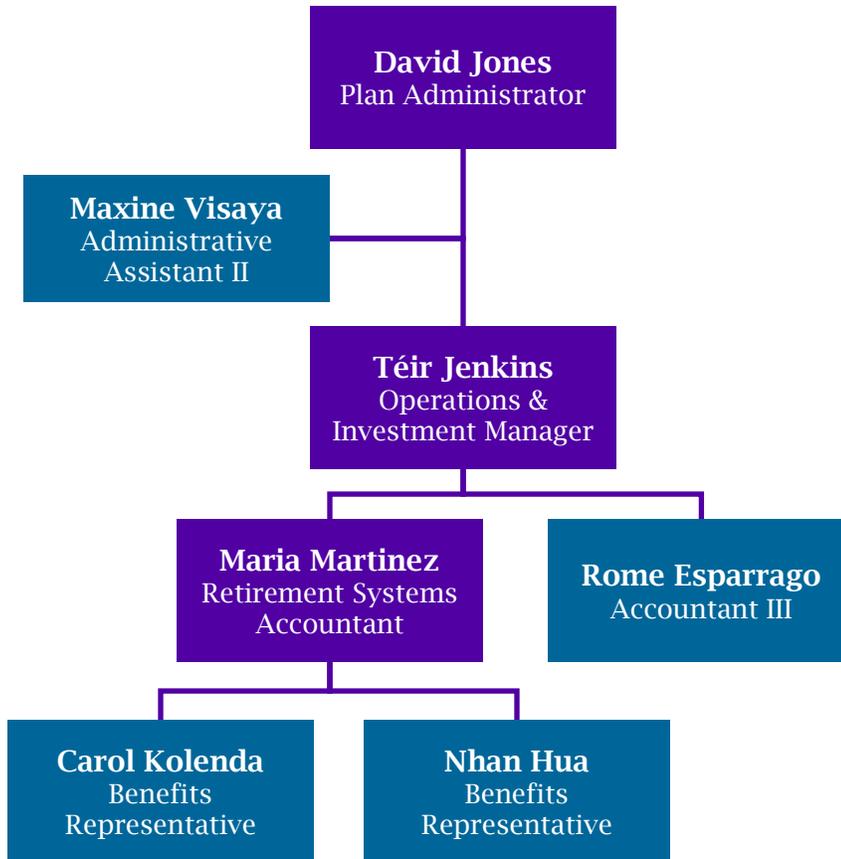
Robert Nichelini
Alternating Fire/Police Representative



Margaret O'Brien
Mayoral Designate

ADMINISTRATIVE STAFF

Retirement Unit



PROFESSIONAL SERVICES

Over the past year the Board of Administration has engaged the following consultants to assist in making investments and in developing a sound retirement plan:

Actuary	Cheiron, Inc.
Auditors	Macias Gini & O’Connell LLP
Custodial Service	The Northern Trust Company
Investment Consultant	Meketa Investment Group

A complete list of Investment Professionals is included on page 51 of this Annual Report.

BOARD MEETING INFORMATION

On-Site Meeting Location 1 Frank H. Ogawa Plaza, Oakland, CA 94612

Virtual Meeting Zoom Webinar

Date Last Wednesday of each month

For more information, visit our website at www.oaklandca.gov.

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TAB DIVIDER

FINANCIAL

TAB DIVIDER

SECTION 2

FINANCIAL



Blaine Banks
Engineer of Fire Department
Served with Oakland Fire Department
1972 to 1992

Independent Auditor's Report

For The Years Ended June 30, 2020 and 2019



Certified
Public
Accountants

Independent Auditor's Report

Board of Administration
Oakland Police and Fire Retirement System
Oakland, California

We have audited the accompanying financial statements of the Oakland Police and Fire Retirement System (System), a pension trust fund of the City of Oakland, California (City), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System as of June 30, 2020 and 2019, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Macias Gini & O'Connell LLP
2121 N. California Boulevard, Suite 750
Walnut Creek, CA 94596

www.mgocpa.com

Independent Auditor's Report

For The Years Ended June 30, 2020 and 2019

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the employer's net pension liability and related ratios, the schedule of employer contributions, and the schedule of investment returns as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the System's basic financial statements. The introduction section, investment section, and actuarial section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Macias Gini & O'Connell LLP

Walnut Creek, California
November 23, 2020

Management's Discussion & Analysis (Unaudited)

As management of the Oakland Police and Fire Retirement System (System), we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the System's financial statements that follow this section. These discussions and analyses are presented in the following sections:

- Organizational Overview and Highlights
- Financial Statement Overview
- Financial Analysis: 2020 vs. 2019
- Financial Analysis: 2019 vs. 2018
- Requests for Additional Information

ORGANIZATIONAL OVERVIEW AND HIGHLIGHTS

The City of Oakland City Charter established the System and provides for its funding. Accordingly, the System is an integral part of the City of Oakland (City) and its operations have been reported as a Pension Trust Fund in the City's basic financial statements. The System is a closed, single employer, defined benefit pension plan that provides retirement, disability and survivor benefits for eligible sworn safety employees of the City. The System serves the City's sworn employees hired prior to July 1, 1976 who have not transferred to the California Public Employees' Retirement System (CalPERS). The System is governed by a board of seven trustees: the Mayor or his/her designate, three Mayoral appointees approved by the City Council, an elected active or retired member of the Police Department, an elected active or retired member from the Fire Department, and an elected member position which alternates between the Police Department and Fire Department membership. Trustees receive no compensation.

The System has been funded by periodic employee and City contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due as specified by the City Charter, unless the Board and the City have agreed to other funding options. In accordance with the City Charter, active members hired after July 1, 1951, and prior to July 1, 1976, contribute a percentage of their earned salaries based upon entry age as determined by consulting actuaries. During the years ended June 30, 2020 and 2019, the employee contribution rates was 0% for both years. There are no active participants in the Plan as of June 30, 2020 and 2019.

Management's Discussion & Analysis

(Unaudited)

As of June 30, 2020, the total pension liability of \$604.0 million less the fiduciary net position of \$379.0 million results in a net pension liability of approximately \$225.0 million. The fiduciary net position as a percentage of the total pension liability is 62.7%.

As of June 30, 2019, the total pension liability of \$628.2 million less the fiduciary net position of \$384.7 million results in a net pension liability of approximately \$243.5 million. The fiduciary net position as a percentage of the total pension liability is 61.2%.

The System membership at June 30, 2020 is 768, which includes 519 retirees and 249 beneficiaries. The System membership at June 30, 2019 is 798, which includes 547 retirees and 251 beneficiaries. The following are the significant assumptions used to compute contribution requirements in the June 30, 2019 Actuarial Valuation Report:

- Select and ultimate rates, equal to 5.37% single equivalent investment rate of return
- 2.75% inflation rate, US
- 2.85% inflation rate, Bay Area
- 3.25% long-term post-retirement benefit increases

City contributions are based on spreading costs as a level percentage of the City's total uniform payroll to July 1, 2026. The System uses the entry age normal cost method for its disclosure and reporting. During fiscal years 2020 and 2019, the City of Oakland contributed \$43.4 million and \$44.82 million to the System. The next required City contribution is projected to be approximately \$43.65 million in FY 2020-2021.

FINANCIAL STATEMENT OVERVIEW

This annual financial report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include *Statements of Fiduciary Net Position*; *Statements of Changes in Fiduciary Net Position*; and the *Notes to the Basic Financial Statements*.

The *Statements of Fiduciary Net Position* and the *Statements of Changes in Fiduciary Net Position* report information to assist readers in determining whether the System's finances as a whole have improved or deteriorated as a result of the year's activities.

Management's Discussion & Analysis

(Unaudited)

These statements report the net position of the System and the activities that caused the changes in the net position during the year, respectively.

The *Statements of Fiduciary Net Position* present information on all System assets and liabilities, with the difference between the two reported as net position restricted for pensions. Over time, increases or decreases in net position restricted for pensions may serve as a useful indicator of whether the financial condition of the System is improving or deteriorating.

While the *Statements of Fiduciary Net Position* provide information about the nature and amount of resources and obligations at year-end, the *Statements of Changes in Fiduciary Net Position* present the results of the System's activities during the fiscal year and information on the change in the net position restricted for pensions during the fiscal year. The *Statements of Changes in Fiduciary Net Position* measure the results of the System's investment performance as well as its additions from contributions and investment income and deductions for payment of benefits and administrative expenses. The *Statements of Changes in Fiduciary Net Position* can be viewed as indicators of the System's progress on the set goals of fully funding all current and past service costs and possessing sufficient additional resources to pay for current refunds of contributions and administrative and investment expenses.

The *Notes to the Basic Financial Statements* and *Required Supplementary Information* provide explanations and other information that is helpful to a full understanding of the data provided in the financial statements. The *Notes to the Financial Statements* and *Required Supplementary Information* are found starting on page 24 and page 47, respectively.

Management's Discussion & Analysis (Unaudited)

FINANCIAL ANALYSIS 2020 VS. 2019

Table 1 summarizes net position restricted for pensions as of June 30, 2020 and 2019:

Table 1 Statements of Fiduciary Net Position As of June 30, 2020 and 2019				
	June 30		Change	
	2020	2019	Amount	Percentage
Assets				
Cash and deposits	\$ 6,345,777	\$ 6,484,343	\$ (138,566)	-2.1%
Receivables	8,099,428	4,427,785	3,671,643	82.9%
Investments	404,700,887	420,244,755	(15,543,868)	-3.7%
Total Assets	<u>419,146,092</u>	<u>431,156,883</u>	<u>(12,010,791)</u>	-2.8%
Liabilities				
Accounts payable	8,161	15,871	(7,710)	-48.6%
Benefits payable	4,431,728	4,596,563	(164,835)	-3.6%
Investments payable	13,548,872	7,464,071	6,084,801	81.5%
Accrued investment management fees	278,835	351,847	(73,012)	-20.8%
Securities lending liabilities	21,903,806	34,017,817	(12,114,011)	-35.6%
Total liabilities	<u>40,171,402</u>	<u>46,446,169</u>	<u>(6,274,767)</u>	-13.5%
Net Position				
Restricted for pensions	<u>\$ 378,974,690</u>	<u>\$ 384,710,714</u>	<u>\$ (5,736,024)</u>	-1.5%

Net position restricted for pensions decreased \$5,736,024 from June 30, 2019 to June 30, 2020. The main sources of this decrease was from benefit payments of \$54.6 million offset by contributions of \$43.4 million and net investment income of \$7.0 million. The remaining fluctuations in receivables and investments payable are primarily due to investment trading at year-end, where the outstanding balances represent investments either sold or purchased, but not yet settled.

Management's Discussion & Analysis (Unaudited)

Table 2 summarizes changes in net position restricted for pensions for the years ended June 30, 2020 and 2019.

Table 2				
Statements of Changes in Fiduciary Net Position				
For the Years Ended June 30, 2020 and 2019				
	June 30		Change	
	2020	2019	Amount	Percentage
Additions				
Contributions	\$ 43,409,000	\$ 44,821,000	\$ (1,412,000)	-3.2%
Net investment income	6,996,833	21,551,868	(14,555,035)	-67.5%
Other additions	132	19,949	(19,817)	-99.3%
Total additions	<u>50,405,965</u>	<u>66,392,817</u>	<u>(15,986,852)</u>	-24.1%
Deductions				
Benefits to members and beneficiaries	54,619,079	56,212,013	(1,592,934)	-2.8%
Administrative expenses	<u>1,522,910</u>	<u>1,446,361</u>	<u>76,549</u>	5.3%
Total deductions	<u>56,141,989</u>	<u>57,658,374</u>	<u>(1,516,385)</u>	-2.6%
Changes in net position	(5,736,024)	8,734,443	(14,470,467)	165.7%
Net position restricted for pensions				
Beginning of year	<u>384,710,714</u>	<u>375,976,271</u>	<u>8,734,443</u>	2.3%
End of year	<u>\$ 378,974,690</u>	<u>\$ 384,710,714</u>	<u>\$ (5,736,024)</u>	-1.5%

During fiscal year 2020, the City of Oakland contributed \$43.4 million to the System. In addition, the System's net investment income for the year ended June 30, 2020 was \$6,996,833, mainly due to net appreciation in fair value of the investment portfolio as a result of returns on investments. The time-weighted annual returns for the year ended June 30, 2020 was 2.3%, compared to a benchmark return of 4.6% and an actuarial expected rate of return of 5.37%.

Management's Discussion & Analysis (Unaudited)

FINANCIAL ANALYSIS 2019 VS. 2018

Table 3 summarizes net position restricted for pensions as of June 30, 2019 and 2018.

Table 3				
Statements of Fiduciary Net Position				
As of June 30, 2019 and 2018				
	<u>June 30</u>		<u>Change</u>	
	2019	2018	Amount	Percentage
Assets				
Cash and deposits	\$ 6,484,343	\$ 7,821,078	\$ (1,336,735)	-17.1%
Receivables	4,427,785	6,288,527	(1,860,742)	-29.6%
Investments	420,244,755	415,917,756	4,326,999	1.0%
Total Assets	<u>431,156,883</u>	<u>430,027,361</u>	<u>1,129,522</u>	0.3%
Liabilities				
Accounts payable	15,871	94,654	(78,783)	-83.2%
Benefits payable	4,596,563	4,608,511	(11,948)	-0.3%
Investments payable	7,464,071	5,188,668	2,275,403	43.9%
Accrued investment management fees	351,847	343,919	7,928	2.3%
Securities lending liabilities	34,017,817	43,815,338	(9,797,521)	-22.4%
Total liabilities	<u>46,446,169</u>	<u>54,051,090</u>	<u>(7,604,921)</u>	-14.1%
Net position				
Restricted for pensions	<u>\$ 384,710,714</u>	<u>\$ 375,976,271</u>	<u>\$ 8,734,443</u>	2.3%

Net position restricted for pensions increased \$8,734,443 from June 30, 2018 to June 30, 2019. The main sources of this increase were from pension contribution payments from the City of Oakland of \$44.82 million. The remaining fluctuations in receivables and investments payable are primarily due to investment trading at year-end, where the outstanding balances represent investments either sold or purchased, but not yet settled.

Management's Discussion & Analysis

(Unaudited)

Table 4 summarizes changes in net position restricted for pensions for the years ended June 30, 2019 and 2018.

Table 4				
Statements of Changes in Fiduciary Net Position				
For the Years Ended June 30, 2019 and 2018				
	June 30		Change	
	2019	2018	Amount	Percentage
Additions				
Contributions	\$44,821,000	\$ 44,860,000	\$(39,000)	-0.1%
Net investment income	21,551,868	35,435,113	(13,883,245)	-39.2%
Other additions	19,949	20,307	(358)	-1.8%
Total additions	<u>66,392,817</u>	<u>80,315,420</u>	<u>(13,922,603)</u>	-17.3%
Deductions				
Benefits to members and beneficiaries	56,212,013	55,998,595	213,418	0.4%
Administrative expenses	1,446,361	1,490,486	(44,125)	-3.0%
Other expenses	-	52,926	(52,926)	100.0%
Total deductions	<u>57,658,374</u>	<u>57,542,007</u>	<u>(116,367)</u>	0.2%
Changes in net position	8,734,443	22,773,413	(14,038,970)	-61.6%
Net position restricted for pensions				
Beginning of year	<u>375,976,271</u>	<u>353,202,858</u>	<u>22,773,413</u>	6.4%
End of year	<u>\$384,710,714</u>	<u>\$375,976,271</u>	<u>\$8,734,443</u>	2.3%

During fiscal year 2019, the City of Oakland contributed \$44.82 million to the System. In addition, the System's net investment income for the year ended June 30, 2019 was \$21,551,868, mainly due to net appreciation in fair value of the investment portfolio as a result of robust returns on investments. The time-weighted annual returns for the year ended June 30, 2019 was 6.2%, compared to a benchmark return of 5.5% and an actuarial expected rate of return of 5.44%.

Management's Discussion & Analysis (Unaudited)

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide a general overview of the System's finances and to account for the money that the System receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

**Retirement System
City of Oakland
150 Frank H Ogawa Plaza, Suite 3349
Oakland, CA 94612**

Financial Statements

Oakland Police and Fire Retirement System Statements of Fiduciary Net Position June 30, 2020 and 2019

	2020	2019
Assets		
Cash and Cash Equivalents	\$ 6,345,777	\$ 6,484,343
Receivables:		
Interest Receivable	720,730	756,150
Dividends Receivable	122,028	128,434
Investments Receivable	7,005,167	2,542,199
Retired Members and Beneficiaries	137,530	867,195
Miscellaneous	113,973	133,807
Total Receivables	<u>8,099,428</u>	<u>4,427,785</u>
Investments, at Fair Value:		
Short-Term Investments	14,097,351	12,579,526
Bonds	123,135,071	120,250,504
Domestic Equities and Mutual Funds	157,386,763	151,450,528
International Equities and Mutual Funds	44,599,350	46,731,155
Alternative Investments	43,589,826	55,212,879
Foreign Currency Contracts, Net	(20,041)	-
Securities Lending Collateral	21,912,567	34,020,163
Total Investments	<u>404,700,887</u>	<u>420,244,755</u>
Total Assets	<u>419,146,092</u>	<u>431,156,883</u>
Liabilities		
Accounts Payable	8,161	15,871
Benefits Payable	4,431,728	4,596,563
Investments Payable	13,548,872	7,464,071
Investment Management Fees Payable	278,835	351,847
Securities Lending Liabilities	21,903,806	34,017,817
Total Liabilities	<u>40,171,402</u>	<u>46,446,169</u>
Net Position Restricted for Pensions	<u>\$ 378,974,690</u>	<u>\$ 384,710,714</u>

See accompanying notes to basic financial statements.

Financial Statements

Oakland Police and Fire Retirement System Statements of Changes in Fiduciary Net Position Years Ended June 30, 2020 and 2019

	2020	2019
Additions		
Contributions from the City	\$ 43,409,000	\$ 44,821,000
Investment Income:		
Net Appreciation in Fair Value of Investments	677,414	16,624,371
Interest	4,598,569	3,736,667
Dividends	2,775,312	2,431,327
Less: Investment Expenses	<u>(1,173,450)</u>	<u>(1,333,048)</u>
Net Appreciation in Fair Value of Investments	<u>6,877,845</u>	<u>21,459,317</u>
Securities Lending Income:		
Securities Lending Earnings	521,009	937,736
Securities Lending Expenses	<u>(402,021)</u>	<u>(845,185)</u>
Net Securities Lending Income	<u>118,988</u>	<u>92,551</u>
Net Investment Income	6,996,833	21,551,868
Claims and Settlements	132	13,856
Other Income	<u>-</u>	<u>6,093</u>
Total Additions	<u>50,405,965</u>	<u>66,392,817</u>
Deductions		
Benefits to Members and Beneficiaries:		
Retirement	33,125,069	34,238,470
Disability	19,696,369	20,160,033
Death	<u>1,797,641</u>	<u>1,813,510</u>
Total Benefits to Members and Beneficiaries	54,619,079	56,212,013
Administrative Expenses	<u>1,522,910</u>	<u>1,446,361</u>
Total Deductions	<u>56,141,989</u>	<u>57,658,374</u>
Change in Net Position	(5,736,024)	8,734,443
Net Position Restricted for Pensions		
Beginning of Year	<u>384,710,714</u>	<u>375,976,271</u>
End of Year	<u>\$ 378,974,690</u>	<u>\$ 384,710,714</u>

See accompanying notes to basic financial statements.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

1. Description of the Oakland Police and Fire Retirement System

The Oakland Police and Fire Retirement System (System) is a closed, single-employer defined benefit pension plan (Plan) established by the City of Oakland (City) Charter. The System is governed by a board of seven trustees (Board); the City Mayor or his/her designate, three Mayoral appointees approved by the City Council, an elected active or retired member of the Police Department, an elected active or retired member from the Fire Department, and an elected member position which alternates between the Police Department and Fire Department membership. Trustees receive no compensation. As a result of a City Charter amendment, known as Measure R approved by the electorate on June 8, 1976, membership in the Plan is limited to uniformed employees hired prior to July 1, 1976.

The System is exempt from the regulations of the Employee Retirement Income Security Act of 1974. The System is also exempt from federal and California income taxes.

The System is considered to be a part of the City's financial reporting entity and is included in the City's basic financial statements as a pension trust fund. The financial statements of the System are intended to present only the plan net position and changes in plan net position of the System. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2020 and 2019, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. The City's basic financial statements can be obtained from Finance Department, Controller's Bureau, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353; Oakland, California 94612.

a) System Membership

At June 30, 2020 and 2019, the System membership consisted of only retirees and beneficiaries. The System's membership is as follows:

Retirees and beneficiaries currently receiving benefits		
	2020	2019
Police	460	475
Fire	308	323
Total	768	798

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

b) Basic Benefit Provisions

The City Charter establishes plan membership, contribution, and benefit provisions. The System provides that any member who completes at least 25 years of service, regardless of age, or completes 20 years of service and attains age 55, or has attained age 65, is eligible for retirement benefits. The basic retirement allowance equals 50% of the compensation attached to the average rank held during the three years immediately preceding retirement, plus an additional allowance of 1 and 2/3% of such compensation for each year of service (up to ten) subsequent to (a) qualifying for retirement and (b) July 1, 1951. However, any member retiring at age 65 with less than 20 years of service shall receive a reduced retirement allowance based upon the number of years of service. A member is eligible for early retirement benefits after 20 to 24 years of service with a retirement allowance based upon 40% to 48% of the compensation attached to the average rank held during the three years preceding retirement. Additionally, a member with 10 to 19 years of service may retire and, on or after the 25th anniversary of his/her date of employment may receive a retirement allowance based upon 20% to 38% of the compensation attached to the average rank held during the three years preceding retirement.

The System also provides for various death, disability, and survivors' benefits. Death and disability benefits are paid to eligible members who became disabled or passed away prior to retirement. If the member's death or disability is duty related, then the surviving spouse or member is paid a pension equivalent to an immediate service retirement. The duty related death or disability pension is paid at a level no less than 50% of the pay attached to the rank. If a death occurs after retirement, then a one-time payment of \$1,000 is paid to the member's designated beneficiary.

After retirement, members receive benefits based on a fixed monthly dollar amount. Pension amounts change based on changes to the compensation attached to the average rank. Upon a retiree's death, benefits are continued to an eligible surviving spouse at a two-thirds level for service and non-duty disabled retirees and at a 100% level for retirements for duty disability.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

2. Summary of Significant Accounting Policies

a) Basis of Presentation

The financial statements are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. The System adheres to the reporting requirements established by the Governmental Accounting Standards Board (GASB).

b) Measurement Focus and Basis of Accounting

The financial statements are prepared on a flow of economic resources measurement focus using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due pursuant to formal commitments as well as statutory or contractual requirements, and benefits and refunds are recognized when payable under plan provisions.

c) Methods Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values based on the net asset value as determined by the fund manager based on quoted market prices of fund holdings or values provided by the custodian or the applicable money manager. Purchases and sales of investments are recorded on a trade date basis.

d) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Contributions

In accordance with the City Charter, active members hired after July 1, 1951, and prior to July 1, 1976, contribute a percentage of their earned salaries based upon entry age as determined by consulting actuaries. During the years ended June 30, 2020 and 2019, there were no employee contributions as there are no active employees in the Plan.

Notes to Basic Financial Statements

For Years Ended June 30, 2019 and 2018

In March 1997, the City issued pension obligation bonds and deposited \$417 million into the System to pay the City's contributions through June 2011. In accordance with an agreement entered into at the time the pension obligation bonds were issued in 1997, the City was not expected to contribute until July 2011. In the year ended June 30, 2005, the City transferred excess proceeds of \$17.7 million from the Oakland Joint Powers Financing Authority Refunding Revenue 2005 Series B Bond to fund a portion of the City's future obligation to the System.

Effective July 1, 2011, the City resumed contributing to the System. The City contributed \$45.5 million in the year ended June 30, 2012. Using the current actuarial cost method, these contributions are based on spreading costs as a level percentage of all uniformed employees' compensation through June 30, 2026. Budgeted administrative expenses are included in the City contribution rates. The City must contribute, at a minimum, such amounts as are necessary, on an actuarial basis, to provide assets sufficient to meet benefits to be paid to plan members.

On July 30, 2012, the City contributed \$210 million to the System. As a result of a funding agreement entered into between the System's Board and the City no additional contributions were required until July 1, 2017. The City resumed contributions to the System on July 1, 2017. The City contributed \$43.41 million and \$44.82 million in the years ended June 30, 2020 and 2019, respectively. The next required contribution for fiscal year 2021 is \$43.65 million.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

4. Cash, Deposits and Investments

a) Investment Policy

The System's investment policy authorizes investment in U.S. equities, international equities, U.S. fixed income instruments including U.S. Treasury notes and bonds, government agency mortgage backed securities, U.S. corporate notes and bonds, collateralized mortgage obligations, Yankee bonds and non-U.S.-issued fixed income securities denominated in foreign currencies. The System's investment portfolio is managed by external investment managers, except for the bond iShares which are managed internally. During the years ended June 30, 2020 and 2019, the number of external investment managers was twelve and twelve, respectively.

The System investments are also restricted by the City Charter. In November 2006, City voters passed Measure M to amend the City Charter to allow the System's Board to invest in non-dividend paying stocks and to change the asset allocation structure from 50% equities and 50% fixed income to the Prudent Person Standard as defined by the California Constitution.

The System's Investment Policy limits fixed income investments to a maximum average duration of 10 years and a maximum remaining term to maturity (single issue) at purchase of 30 years, with targeted portfolio duration of between 3 to 8 years and targeted portfolio maturity of 15 years. The System's investment policy allows the fixed income managers to invest in fixed income instruments and some exposure to investments below an investment grade rating of B- or higher, as long as the portfolio maintains an average credit quality of BBB (investment grade using Standard & Poor's, Moody's or Fitch ratings).

The System's investment policy states that investments in securities known as collateralized mortgage obligations (CMOs) shall be limited to a maximum of 20% of a broker account's fair value with no more than 5% in any one issue. CMOs are mortgage-backed securities that create separate pools of pass-through rates for different classes of bondholders with varying maturities. The fair values of CMOs are considered sensitive to interest rate changes because they have embedded options.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

The Investment Policy allows for each fixed income asset manager to have a maximum of 10% of any single security investment in their individual portfolios with the exception of U.S. government securities, which is allowed to have a maximum of 25% in each manager's portfolio.

The following was the Board's adopted asset allocation policy as of June 30, 2020 and 2019:

Target Allocation		
Asset Class	June 30, 2020	June 30, 2019
Fixed Income	21%	21%
Credit	2	2
Covered Calls	5	5
Domestic Equity	40	40
International Equity	12	12
Crisis Risk Offset	20	10
Total	100%	100%

The Board's target allocation does not include cash and cash equivalents, which are designated for approved administrative budget purposes.

b) Concentrations

GASB Statement No. 67 requires the disclosure of investments in any one organization that represent 5 percent or more of the System's fiduciary net position. As of June 30, 2020, the System's investments in securities issued by the Northern Trust Russell 100 Growth Index Fund and by Vanguard represented 24.0% and 8.9% of its fiduciary net position, respectively. As of June 30, 2019, the System's investments in the Northern Trust Russell 1000 Growth Index Fund and the Parametric Research Affiliates Systematic U.S. Fund represented 22.5% and 6.3%, respectively, of its fiduciary net position .

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

c) Rate of Return

The money-weighted rate of return is a measure of the rate of return for an asset or portfolio of assets that incorporates the size and timing of cash flows. For the years ended June 30, 2020 and 2019, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expenses, were 2.04% and 6.10%, respectively.

d) Cash and Cash Equivalents

As of June 30, 2020 and 2019, cash and cash equivalents consisted of cash in treasury held in the City's cash and investment pool as well as cash deposits held in bank and with a custodian. Funds in the City Treasury are invested according to the investment policy adopted by the City Council. Interest earned in the City Treasury is allocated monthly to all participants based on the average daily cash balance maintained by the respective funds. Information regarding the characteristics of the entire investment pool can be found in the City's June 30, 2020 and 2019 basic financial statements. As of June 30, 2020 and 2019, the System's share of the City's investment pool totaled \$6,340,768 and \$6,471,696, respectively. The System also had cash not included in the City's investment pool. As of June 30, 2020 and 2019, the System's cash and cash deposits not held in the City's investment pool totaled \$5,009 and \$12,647, respectively.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

e) Hierarchy of Inputs

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The System has the following recurring fair value measurements as of June 30, 2020:

Recurring Fair Value Measurements			
	2020		
	Level One	Level Two	Total
Investments by fair value level:			
Short-Term Investments	\$ -	\$ 6,023,223	\$ 6,023,223
Bonds	14,422,008	100,740,951	115,162,959
Domestic Equities and Mutual Funds	66,325,124	-	66,325,124
International Equities and Mutual Funds	44,599,350	-	44,599,350
Alternative Investments	27,764,888	-	7,764,888
	<u>\$153,111,370</u>	<u>\$ 106,764,174</u>	<u>\$ 259,875,544</u>
Investments measured at net asset value (NAV)			
Short-Term Investment Funds			8,074,128
Fixed Income Funds			7,972,112
Domestic Equities and Mutual Funds			91,061,639
Hedge Fund			15,824,938
Foreign Currency Contracts, Net			(20,041)
Securities Lending Collateral - Short-Term Investment Fund			21,912,567
Total investments measured at NAV			<u>144,825,343</u>
Total investments measured at fair value			<u>\$404,700,887</u>

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

The System has the following recurring fair value measurements as of June 30, 2019:

Recurring Fair Value Measurements As of June 30 2019				
	2018			Total
	Level One	Level Two	Level Three	
Investments by fair value level:				
Short-Term Investment Funds	\$ -	\$ 2,485,991	\$ -	\$ 2,485,991
Bonds	13,419,178	98,870,991	-	112,290,169
Domestic Equities and Mutual Funds	64,821,686	-	-	64,821,686
International Equities and Mutual Funds	33,045,062	-	1,656	33,046,718
Alternative Investments	30,912,896	-	-	30,912,896
Total investments by fair value level	<u>\$ 142,198,822</u>	<u>\$ 101,356,982</u>	<u>\$ 1,656</u>	<u>\$ 243,557,460</u>
Investments measured at net asset value (NAV):				
Short-Term Investments				10,093,535
Fixed Income Funds				7,960,335
Domestic Equities and Mutual Funds				86,628,842
International Equities and Mutual Funds				13,684,437
Securities Lending Collateral - Short-Term Investment Fund				24,299,983
Total investments measured at NAV				<u>34,020,163</u>
Total investments measured at fair value				<u>\$420,244,755</u>

Investments measured at NAV represent commingled funds where fair value is measured based on the System's pro rata share of the total NAV. As of June 30, 2020, the System's hedge fund investment has monthly liquidity with a notice period of 5 days. As of June 30, 2019, the System's hedge fund investment has monthly liquidity with a notice period of 5 days.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

f) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As described previously, the System's Investment Policy limits fixed income investments to a maximum average duration of 10 years and a maximum remaining term to maturity (single issue) at purchase of 30 years, with targeted portfolio duration of between 3 to 8 years and targeted portfolio maturity of 15 years. The weighted average duration for the System's fixed income investment portfolio excluding fixed income short-term investments, foreign currency contracts, and securities lending investments was 7.69 years as of June 30, 2020, and 6.92 years as of June 30, 2019.

The following summarizes the System's fixed income investments by category as of June 30, 2020 and 2019:

Short Term Investment Duration				
Investment Type	2020		2019	
	Fair Value	Modified Duration (Years)	Fair Value	Modified Duration (Years)
Short-Term Investment Funds	\$8,074,128	n/a	\$12,579,526	n/a
U.S. Treasury Bills	6,023,223	0.21	None	n/a
Foreign Currency Exchange Contracts, Net	(20,041)	n/a	None	n/a

Long-Term Investment Duration				
Investment Type	2020		2019	
	Fair Value	Modified Duration (Years)	Fair Value	Modified Duration (Years)
Fixed Income Investments				
U.S. Government Bonds				
U.S. Treasuries	\$ 8,153,603	8.03	\$ 18,478,407	6.42
Government Agencies	39,171,830	7.23	34,766,352	7.45
Total U.S. Government Bonds	<u>47,325,433</u>		<u>53,244,759</u>	
Corporate and Other Bonds				
Corporate Bonds	<u>75,809,638</u>	7.89	<u>67,005,745</u>	6.79
Total Fixed Income Investments	<u>\$ 123,135,071</u>	7.69	<u>\$120,250,504</u>	6.92
Securities Lending	<u>\$ 21,912,567</u>		<u>\$34,020,163</u>	

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

g) Fair Value Highly Sensitive to Change in Interest Rates

The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. The System has invested in CMOs, which are mortgage-backed bonds that pay pass-through rates with varying maturities. The fair values of CMOs are considered sensitive to interest rate changes because they have embedded options, which are triggers related to quantities of delinquencies or defaults in the loans backing the mortgage pool. If a balance of delinquent loans reaches a certain threshold, interest and principal that would be used to pay junior bondholders is instead directed to pay off the principal balance of senior bondholders, shortening the life of the senior bonds.

The following are the System's investments in CMOs at June 30, 2020:

Investments in CMOs at June 30, 2020				
Investment Type	Weighted Average Coupon Rate	Weighted Average Maturity (Years)	Fair Value	Percent of Total Investments Fair Value
Mortgage-backed securities	3.07%	23.76	\$27,010,178	6.67%

The following are the System's investments in CMOs at June 30, 2019:

Investments in CMOs at June 30, 2019				
Investment Type	Weighted Average Coupon Rate	Weighted Average Maturity (Years)	Fair Value	Percent of Total Investments Fair Value
Mortgage-backed securities	3.88%	25.76	\$26,460,818	6.30%

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

h) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The following provides information concerning the credit risk of fixed income securities as of June 30, 2020 and 2019:

Short-Term Investment Ratings				
Investment Type	2020		2019	
	S&P Moody's/ Fitch Rating	Fair Value	S&P Moody's/ Fitch Rating	Fair Value
Short-Term Investment Funds	Not Rated	\$8,074,128	Not Rated	\$12,579,526
U.S. Treasury Bills	AAA	6,023,223	N/A	None
Foreign Currency Exchange Contracts, Net	Not Rated	(20,041)	N/A	None

Long-Term Investment Ratings				
S&P / Moody's Rating	2020		2019	
	Fair Value	Percentage of Total Fair Value	Fair Value	Percentage of Total Fair Value
AAA/Aaa	\$ 48,352,450	39.3%	\$ 41,409,989	34.44%
AA/Aa	26,839,048	21.8%	28,801,312	23.95%
A/A	16,270,507	13.2%	13,190,791	10.97%
BBB/Baa	22,504,035	18.3%	14,583,850	12.13%
BB/Ba	1,388,389	1.1%	885,050	0.74%
B/B	313,940	0.3%	-	0%
CCC/CCC	7,466,702	6.0%	-	0%
Unrated	-	-	21,379,513	17.77%
	<u>\$ 123,146,717</u>	<u>100.00%</u>	<u>\$120,250,504</u>	<u>100.00%</u>

Securities Lending Ratings		
S&P / Moody's Rating	2020 Fair Value	2019 Fair Value
Not Rated	\$ 21,912,567	\$ 34,020,163

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

i) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution or counterparty to a transaction, there will be an inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party.

The California Government Code requires that governmental securities or first trust deed mortgage notes be used as collateral for demand deposits and certificates of deposit at 110 percent and 150 percent, respectively, of all deposits not covered by federal deposit insurance. As the City holds cash and certificates of deposit on behalf of the System, the collateral must be held by the pledging financial institution's trust department and is considered held in the City's name. For all other System deposits, the collateral must be held by the pledging financial institution's trust department and is considered held in the System's name.

The City, on behalf of the System, does not have any funds or deposits that are not covered by depository insurance, which are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. The System does not have any investments that are not registered in the name of the System and are either held by the counterparty or the counterparty's trust department or agent but not in the System's name.

j) Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchanges rates will adversely affect the fair values of an investment or deposit. Currency hedging is allowed under the System's investment policy for defensive purposes only. The investment policy limits currency hedging to a maximum of 25% of the portfolio value.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

The following summarizes the System's investments denominated in foreign currencies as of June 30, 2020 and 2019:

Investments Denominated in Foreign Currencies		
As of June 30, 2020 and 2019		
Foreign Currency	Fair Value	
	June 30, 2020	June 30, 2019
Australian Dollar	\$ 1,165,827	\$ 726,669
Brazilian Real	684,785	-
British Pound	2,900,002	3,881,313
Canadian Dollar	2,916,358	190,691
Danish Krone	108,321	1,046,692
Euro	5,257,480	9,930,129
Hong Kong Dollar	2,540,943	2,806,718
Indonesian Rupiah	179,056	336,856
Japanese Yen	5,606,895	4,060,244
Mexican Peso	652,060	620,720
New Israeli Shekel	270,619	-
Norwegian Krone	158,176	173,665
Singapore Dollar	506,973	330,028
South African Rand	254,493	-
Swedish Krona	837,087	448,360
Swiss Franc	2,093,668	1,512,860
Turkish Lira	612,927	-
Total	<u>\$ 26,745,670</u>	<u>\$ 26,064,945</u>

k) Securities Lending Transactions

The System's investment policy authorizes participation in securities lending transactions, which are short-term collateralized loans of the System's securities to broker-dealers with a simultaneous agreement allowing the System to invest and receive earnings on the collateral received. All securities loans can be terminated on demand by either the System or the borrower, although the average term of loans is one week.

The administrator of the System's securities lending activities is responsible for maintaining an adequate level of collateral in an amount equal to at least 102% of market value of loaned U.S. government securities, common stock and other equity securities, bonds, debentures, corporate debt securities, notes, and mortgages or other obligations. Collateral received may include cash, letters of credit, or securities. The term to maturity of the loaned securities is generally not matched with the term to maturity of the investment of the said collateral. If securities collateral is received, the System cannot pledge or sell the collateral securities unless the borrower defaults.

Notes to Basic Financial Statements

For Years Ended June 30, 2019 and 2018

As of June 30, 2020 and 2019, management believes the System has minimized its credit risk exposure to borrowers because the amounts held by the System as collateral exceeded the securities loaned by the System. The System's contract with the administrator requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities borrowed) or fails to pay the System for income distributions by the securities' issuers while the securities are on loan.

The following summarizes investments in securities lending transactions and collateral received at June 30, 2020 and 2019:

Securities Lending as of June 30, 2020			
Investment Type	Fair Value of Loaned Securities		
	For Cash Collateral	For Non-Cash Collateral	Total
Securities on Loan for Cash Collateral			
U.S. Government and Agencies	\$ 4,674,146	\$ 5,349,244	\$10,023,390
U.S. Corporate Bonds	7,480,228	-	7,480,228
U.S. Equities	9,388,017	470,835	9,858,852
Total investments in securities lending transactions	<u>\$21,542,391</u>	<u>\$ 5,820,079</u>	<u>\$27,362,470</u>
Collateral Received	<u>\$21,903,806</u>	<u>\$ 5,913,897</u>	<u>\$27,817,703</u>

Securities Lending as of June 30, 2019			
Investment Type	Fair Value of Loaned Securities		
	For Cash Collateral	For Non-Cash Collateral	Total
Securities on Loan for Cash Collateral			
U.S. Government and agencies	\$10,531,762	\$4,119,916	\$14,651,678
U.S. Corporate bonds	5,350,565	-	5,350,565
U.S. Equities	17,536,838	635,146	18,171,984
Non-U.S. Equities	-	967,891	967,891
Total investments in securities lending transactions	<u>\$33,419,165</u>	<u>\$5,722,953</u>	<u>\$39,142,118</u>
Collateral Received	<u>\$34,017,817</u>	<u>\$5,913,897</u>	<u>\$39,931,714</u>

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

l) Derivative Instruments

The Retirement System reports its derivative instruments under the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivatives Instruments*. Pursuant to the requirements of this statement, the Retirement System has provided a summary of derivative instrument activities during the reporting periods presented and the related risks.

As of June 30, 2020 and 2019, the derivative instruments held by the Retirement System are considered investments and not hedges for accounting purposes. All investment derivatives are reported as investments at fair value in the statements of fiduciary net position. The gains and losses arising from this activity are recognized as incurred in the statement of changes in fiduciary net position. All investment derivatives discussed below are included within the investment risk schedules, which precede this subsection. Investment derivative instruments are disclosed separately to provide a comprehensive and distinct view of this activity and its impact on the overall investment portfolio.

Valuation methods used by the System are described in more detail in Note 2.c). The fair value of the exchange traded derivative instruments, such as futures, options, rights, and warrants are based on quoted market prices. The fair values of forward foreign currency contracts are determined using a pricing service, which uses published foreign exchange rates as the primary source. The fair values of swaps are determined by the System's investment managers based on quoted market prices of the underlying investment instruments.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

The tables below present the notional amounts, the fair values, and the related net appreciation (depreciation) in the fair value of derivative instruments that were outstanding at June 30, 2020 and 2019:

As of and for the Year Ended June 30, 2020			
Derivative Type / Contract	Notional Amount	Fair Value	Net Appreciation (Depreciation) in Fair Value
Forwards			
Foreign Currency Exchange Contracts	\$ -	\$ (20,041)	\$ -
Options			
Equity Contracts	69	(378,167)	108,759
Rights/Warrants			
Rights/Warrants	5,630	-	-
Swaps			
Credit Contracts	1,920,000	(11,645)	32,754
Total	<u>\$ 1,925,699</u>	<u>\$ (409,853)</u>	<u>\$ 141,513</u>

As of and for the Year Ended June 30, 2019			
Derivative Type / Contract	Notional Amount	Fair Value	Net Appreciation (Depreciation) in Fair Value
Options			
Equity Contracts	\$ 82	\$ (588,704)	\$ (264,482)
Swaps			
Credit Contracts	1,660,000	74,601	9,478
Total	<u>\$ 1,660,082</u>	<u>\$ (514,103)</u>	<u>\$ (255,004)</u>

Counterparty Credit Risk

The System is not exposed to credit risk on non-exchange traded derivative instruments that are in asset positions. As of June 30, 2020, the System held forward currency contracts on the amount of \$20,041. The System's counterparties to these contract held credit ratings of A or better, as assigned by one or more of the major credit rating organizations (S&P, Moody's and/or Fitch). As of June 30, 2019, the System did not hold any forward currency contracts.

Custodial Credit Risk

The custodial credit risk disclosure for exchange traded derivative instruments is made in accordance with the custodial credit risk disclosure requirements of GASB Statement No. 40. At June 30, 2020 and 2019, all of the System's investments in derivative instruments are held in the System's name and are not exposed to custodial credit risk.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

Interest Rate Risk

The tables below describe the maturity periods of the derivative instruments exposed to interest rate risk at June 30, 2020 and 2019.

Derivative Interest Rate Risk as of June 30, 2020			
Derivative Type / Contract	Fair Value	Maturities	
		Less than 1 Year	1-5 years
Forwards			
Forward Foreign Currency Exchange Contracts	\$ (20,041)	\$ (20,041)	\$ -
Options			
Equity Contracts	(378,167)	(378,167)	-
Swaps			
Credit Contracts	(11,645)	-	(11,645)
Total	<u><u>\$ (389,812)</u></u>	<u><u>\$ (378,167)</u></u>	<u><u>\$ (11,645)</u></u>

Derivative Interest Rate Risk as of June 30, 2019			
Derivative Type / Contract	Fair Value	Maturities	
		Less than 1 Year	1-5 years
Options			
Equity Contracts	\$ (588,704)	\$ (588,704)	\$ -
Swaps			
Credit Contracts	74,601	-	74,601
Total	<u><u>\$ (514,103)</u></u>	<u><u>\$ (588,704)</u></u>	<u><u>\$ 74,601</u></u>

Foreign Currency Risk

At June 30, 2020, the System is exposed to foreign currency risk on \$20,041 of its investments in forwards denominated in the Mexican peso. At June 30, 2019, the System is not exposed to foreign currency risk for its derivative instruments.

Contingent Features

At June 30, 2020 and 2019, the Retirement System held no positions in derivatives containing contingent features.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

5. Net Pension Liability

The components of the net pension liability of the City at June 30, 2020 and 2019, are as follows:

Net Pension Liabilities of the City At June 30, 2020 and 2019		
	June 30, 2020	June 30, 2019
Total pension liability	\$ 603,971,861	\$ 628,212,362
Less: Plan fiduciary net position	(378,974,690)	(384,710,714)
City's net pension liability	<u>\$ 224,997,171</u>	<u>\$ 243,501,648</u>
Plan fiduciary net position as a percentage of the total pension liability	62.7%	61.2%

a) Actuarial Method and Assumptions

The total pension liability as of June 30, 2020 was determined based on an actuarial valuation as of June 30, 2019, using the entry age normal actuarial cost method and the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Assumptions	
Investment Rate of Return	5.37%
Inflation Rate, U.S.	2.75%
Inflation Rate, Bay Area	2.85%
Long-term Post-Retirement Benefit Increases	3.25%

Measurements as of the June 30, 2020 are based on the fair value of assets as of June 30, 2020 and the total pension liability as of the valuation date, June 30, 2019, updated to June 30, 2020. There were no significant events between the valuation date and the measurement date. The update only included the addition of interest cost, offset by actual benefit payments. There are no active members of the plan, and thus no service cost.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

Mortality rates for healthy lives were based on the CalPERS Healthy Table from the 2012-2015 Experience Study, excluding the 15-year projection using 90% of Scale MP-2016. Mortality rates for disabled lives were based on the CalPERS Industrial Disability Mortality Table from the 2012-2015 Experience Study, excluding the 15-year projection using 90% of Scale MP-2016. The mortality tables are projected to improve with MP-2017 generational mortality improvement tables, with improvements projected from a base year of 2014 (the mid-point of the CalPERS base tables).

The total pension liability as of June 30, 2019 was determined based on an actuarial valuation as of June 30, 2018, updated to June 30, 2019, using the entry age normal actuarial cost method and the actuarial assumptions as described above for the June 30, 2019 valuation, except for the assumed investment rate of return was 5.44%. New Memorandums of Understanding (MOUs) went into effect for both Police and Fire members between the valuation date and the measurement date, changing both Police and Fire retirees' cost of living adjustments (COLAs). The update procedures included the changes in liability due to the new Police and Fire MOUs, and the addition of interest cost, offset by actual benefit payments. There are no active members of the Plan, and thus no service cost.

The actuarial assumptions used in the June 30, 2019 and 2018 valuations were based on the results of actuarial experience studies for the period July 1, 2014 through June 30, 2017, respectively.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

Best estimates of geometric real rates of return for each major class included in the pension plan's target asset allocation as of June 30, 2020 and 2019 are summarized in the following table:

Long-Term Expected Real Rate of Return		
Asset Class	June 30, 2020	June 30, 2019
Fixed Income	2.29%	3.10%
Domestic Equity	5.55	6.00
International Equity	7.69	6.80
Covered Calls	4.64	6.10
Crisis Risk Offset	3.78	4.80
Cash	1.92	2.50

b) Discount Rate

The discount rates used to measure the total pension liability were 5.37% and 5.44% as of June 30, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that the City would contribute to the Plan based on its July 1, 2012 funding agreement with the System. This agreement suspends City contributions until the fiscal year beginning July 1, 2017, after which they will resume, based upon the recommendation of the actuary, with a City Charter requirement that the Plan's liabilities be fully funded by July 1, 2026. A cash flow projection showed that the projected fiduciary net position would be greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

c) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate, as well as what the Plan's net pension liability would be if it were calculated using a discount rate of 1-percentage-point lower or 1-percentage-point higher than the discount rate.

City's Net Pension Liability June 30, 2020			
	1% Decrease (4.37%)	Current Discount Rate (5.37%)	1% increase (6.37%)
City's net pension liability	\$279,560,331	\$224,997,171	\$178,053,408

City's Net Pension Liability June 30, 2019			
	1% Decrease (4.44%)	Current Discount Rate (5.44%)	1% increase (6.44%)
City's net pension liability	\$301,403,454	\$243,504,648	\$193,837,313

6. Reserves

Retired Member Contribution Reserve represents the total accumulated transfers from active member contributions and investments, less payments to retired members and beneficiaries.

Employer Reserve represents the total accumulated employer contributions for retirement payments. Additions include contributions from the employer, investment earnings and other income; deductions include payments to retired members and beneficiaries and administrative expenses.

The aggregate total of the System's major reserves as of June 30, 2020 and 2019 equals net position restricted for pensions and comprises the following:

Aggregate Total of the System's Major Reserves		
	2020	2019
Retired member contribution reserve	\$ 29,205,764	\$ 31,655,922
Employer reserve	249,768,926	353,054,722
Total	\$ 378,974,690	\$ 384,710,714

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

7. Administrative Expenses

The City provides the System with accounting and other administrative services. Staff salaries included in administrative expenses for the years ended June 30, 2020 and 2019 were \$1,257,550 and \$1,073,971, respectively. Other administrative expenses including accounting and audit services, legal fees, annual report and miscellaneous expense for the years ended June 30, 2020 and 2019 were \$265,360 and \$372,390, respectively.

8. Receivable from Retired Members and Beneficiaries

The City filed a lawsuit (City of Oakland v. Oakland Police and Fire Retirement System, et al., Alameda County Superior Court case number RG 11580626) in June 2011, and sought to stop the System from paying retirement benefits based on certain holidays and shift differential premium pay (7.25%) to many police retirees. The City also sought an order requiring the System to collect overpayments. The trial court ruled in favor of the City and the decision was partially upheld upon appeal. The Court of Appeal agrees that those elements were overpayments, but limited the extent to which shift differential overpayments could be recovered back from retirees.

The writ and judgment entered by the trial court after the appeals process directed the System's board to cease paying excessive holidays and the shift differential premium. In September and October 2014, the System's Board passed Resolutions No. 6819 and No. 6824 to seek 100% recovery of the combined overpayments, which totals approximately \$3.9 million. On October 28, 2015, the System's Board approved a collection methodology to recover the overpayments from police members over a 48-month period. The System began deducting these repayments from benefit disbursement commencing in June 2016. Eleven payees were granted a delayed repayment date, which commenced on May 1, 2017. Nine payees received a discharge of their debt totaling \$51,886. These actions increased fund assets by approximately \$3.3 million. As of June 30, 2020 and 2019, the receivable totaled \$0.1 million and \$0.9 million, respectively.

Required Supplementary Information

For Years Ended June 30, 2020 and 2019

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios (Unaudited)

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Interest (includes interest on service cost)	\$ 36,078,037	\$ 37,621,301	\$ 44,320,094	\$ 44,931,829	\$ 42,480,394	\$ 41,262,826	\$ 42,333,496
Differences between expected and actual experience	(5,699,459)	(7,915,210)	(10,656,139)	3,027,944	6,977,470	(21,208,627)	-
Changes of assumptions	-	(1,475,030)	17,858,013	-	43,480,232	34,219,433	-
Benefit payments, including refunds of member contributions	(54,619,079)	(56,212,013)	(55,998,595)	(57,375,815)	(58,441,353)	(59,007,536)	(57,409,113)
Net change in total pension liability	(24,240,501)	(27,980,952)	(4,476,627)	(9,416,042)	34,496,743	(4,733,904)	(15,075,617)
Total pension liability – beginning	628,212,362	656,193,314	660,669,941	670,085,983	635,589,240	640,323,144	655,398,761
Total pension liability – ending (a)	<u>\$603,971,861</u>	<u>\$628,212,362</u>	<u>\$656,193,314</u>	<u>\$660,669,941</u>	<u>\$670,085,983</u>	<u>\$635,589,240</u>	<u>\$640,323,144</u>
Plan Fiduciary Net Position							
Contributions - member	\$ 43,409,000	\$ 44,821,000	\$ 44,860,000	\$ -	\$ -	\$ -	\$ 4,441
Net investment income	6,996,833	21,557,961	35,446,275	50,158,795	(1,418,645)	5,438,586	66,392,409
Benefit payments, including refunds of member contributions	(54,619,079)	(56,212,013)	(55,998,595)	(57,375,815)	(58,441,353)	(59,007,536)	(57,409,113)
Administrative expense	(1,522,910)	(1,446,361)	(1,543,412)	(1,261,641)	(1,375,749)	(985,227)	(776,112)
Claims and settlements	132	13,856	9,145	70,282	3,593,096	-	-
Net change in plan fiduciary net position	(5,736,024)	8,734,443	22,773,413	(8,408,379)	(57,642,651)	(44,554,177)	8,211,625
Plan fiduciary net position – beginning	384,710,714	375,976,271	353,202,858	361,611,237	419,253,888	463,808,065	455,596,440
Plan fiduciary net position – ending (b)	<u>\$378,974,690</u>	<u>\$384,710,714</u>	<u>\$375,976,271</u>	<u>\$353,202,858</u>	<u>\$361,611,237</u>	<u>\$419,253,888</u>	<u>\$463,808,065</u>
City's net pension liability – ending (a) – (b)	<u>\$224,997,171</u>	<u>\$243,501,648</u>	<u>\$280,217,043</u>	<u>\$307,467,083</u>	<u>\$308,474,746</u>	<u>\$216,335,352</u>	<u>\$176,515,079</u>
Plan fiduciary net position as a percentage of the total pension liability	63%	61%	57%	53%	54%	66%	72%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A						

Note: This is a 10-year schedule. Information for additional years will be presented when available.

Required Supplementary Information

For Years Ended June 30, 2020 and 2019

Schedule of Employer Contributions (Unaudited) (dollars in millions)										
	2020	2019	2018	2017*	2016*	2015*	2014*	2013**	2012	2011
Actuarially determined contribution	\$ 43.4	\$ 44.8	\$ 44.9	N/A	N/A	N/A	\$ 20.3	\$ 34.2	\$ 45.1	\$ 41.4
Contributions in relation to the actuarially determined contribution	<u>\$ 43.4</u>	<u>\$ 44.8</u>	<u>\$ 44.9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210.0</u>	<u>\$ 45.5</u>	<u>\$ -</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>20.3</u>	<u>\$(175.8)</u>	<u>\$(0.4)</u>	<u>\$ 41.4</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 0.1
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	210000%	45500%	0%

* Actuarially determined contributions are calculated based on the actuarial valuation one year prior to the beginning of the fiscal year. Although actuarial valuations were performed as of June 30, 2014, June 30, 2015, and June 30, 2016, the System did not determine an actuarially determined contribution for FY 2015-2017, based on the City's funding policy.

** In July 2012, the City of Oakland contributed \$210 million in Pension Obligation Bond (POB) proceeds to the Plan.

Schedule of Investment Returns (Unaudited)										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Annual money-weighted rate of return net of investment expense	2.04%	6.10%	10.57%	15.57%	-0.75%	3.90%	16.40%	9.70%	1.40%	24.50%

TAB DIVIDER

INVESTMENT

TAB DIVIDER

SECTION 3

INVESTMENT



Pearl Mendoza Lucas
Widow of
Larry Lucas, Police Officer
Served with Oakland Police Department
1972 to 1998

Investment Consultant's Report



INVESTMENT GROUP

2175 NW Raleigh Street
Suite 300A
Portland, OR 97210

503.226.1050
Meketa.com

December 30, 2020

Retirement Board
City of Oakland Police and Fire Retirement System
150 Frank Ogawa Plaza, Suite: 3332
Oakland, CA 94612

Dear Board Members:

This letter reviews the investment performance of the City of Oakland Police and Fire Retirement System ("the System" or "OPFRS") for the fiscal year ended June 30, 2020. During this 12-month period, the OPFRS total investment portfolio increased 2.1% on a money-weighted, net of fees basis. The System has been effective in using its resources in a cost-effective manner to ensure that benefits continue to flow to plan participants.

Meketa serves as OPFRS' independent investment consultant. Performance data is provided by the System's custodian, Northern Trust, and is independently calculated by Meketa's performance measurement team.

A major factor influencing overall investment performance is the allocation of the OPFRS portfolio across major asset classes. As of June 30, 2020, the Covered Calls, Cash and Domestic Equity were overweight, while Fixed Income and Crisis Risk Offset, International Equity and Credit were underweight relative to policy.

Over the latest 3-year period, the OPFRS portfolio produced an annualized money-weighted, net of fee return of 6.3%, underperforming its benchmark's time-weighted return of 6.5% by 20 basis points. Over the latest 5-year period, OPFRS' average annual money-weighted net return of 6.3% underperformed the Policy Benchmark by 70 basis points.

OPFRS Annualized Money-Weighted Returns As of 6/30/2020

	1 Year	3 Year	5 Year
Total Portfolio ¹	2.1	6.3	6.3
Policy Benchmark ²	4.6	6.5	7.0
Excess Return	(2.5)	(0.2)	(0.7)

Sincerely,

David Sancewich, Principal, Consultant, Meketa Investment Group

¹ Money-Weighted & Net of Fees. Performance since 2005 includes securities lending.

² Evolving Policy Benchmark consists of 40% Russell 3000, 12% MSCI ACWI ex U.S., 33% Bbg BC Universal, 5% CBOE BXM, 6.7% SG Multi Asset Risk Premia, and 3.3% BB Long Treasury.

BOSTON CHICAGO LONDON MIAMI NEW YORK PORTLAND SAN DIEGO

List of Investment Professionals

Domestic Equity Managers

EARNEST Partners
Northern Trust
Nuveen NWQ
Rice Hall James and Associates
State Street Global Advisors
SPI Technologies

Fixed Income Managers

DDJ Capital Management
Reams Asset Management
Ramirez Asset Management

Investment Consultant

Meketa Investment Group

International Equity Managers

Fisher Investments Institutional Group
Hansberger Global Investor
State Street Global Advisors

Custodian

Northern Trust

Covered Calls

Parametric Portfolio Associates, LLC.

Security Lending

Northern Trust

Investment Manager Fees and Other Investment Expenses

Years Ended June 30, 2020 and June 30, 2019

	<u>2020</u>	<u>2019</u>
Investment Manager Fees		
Domestic Equity Managers	\$ 446,280	\$ 503,122
International Equity Managers	175,856	250,486
Domestic Fixed Income Managers	231,887	214,704
Covered Calls	102,928	148,235
Total Investment Manager Fees	\$ 956,950	\$ 1,116,548
Other Investment Fees		
Custodian Fees	\$ 100,000	\$ 100,000
Investment Consulting	116,500	116,500
Total Other Investment Fees	\$ 216,500	\$ 216,500
Total Investment Fees	\$ 1,173,450	\$ 1,333,048

Largest Stock Holdings (by Market Value)
As of June 30, 2020

	Stock	Market Value
1.	Microsoft	\$ 1,695,442
2.	Apple	1,632,845
3.	Amazon	1,266,298
4.	Autodesk	1,104,101
5.	Synopsys	1,068,600
6.	Ansys	977,296
7.	Global Payments	967,173
8.	Roche Holdings	966,805
9.	Skyworks Solutions	959,973
10.	Intercontinental Exchange	909,038

Note: The above schedules do not reflect holdings in index funds. A complete list is available upon request.

Largest Bond Holdings (by Market Value)
As of June 30, 2020

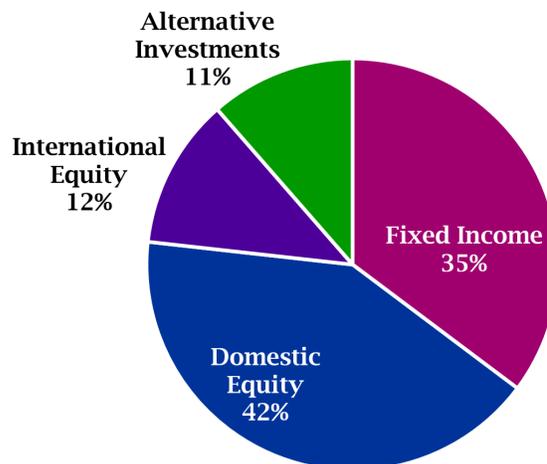
	Description	Interest Rate	Maturity Date	Market Value
1.	U.S. Treasury	0.25%	06/15/2023	\$ 2,775,843
2.	Fannie Mae	2.50%	09/25/2050	2,142,081
3.	Fannie Mae	3.00%	09/25/2050	2,124,115
4.	U.S. Treasury	0.13%	05/31/2022	1,823,646
5.	U.S. Treasury	1.25%	05/15/2050	1,700,652
6.	Fannie Mae	2.00%	09/25/2050	1,593,161
7.	North Shore Long Island Jewish Health Care	6.15%	11/1/2043	1,448,699
8.	Fannie Mae	2.50%	05/1/2035	1,329,553
9.	Metropolitan Transportation Authority New York	7.34%	11/15/2039	1,301,814
10.	New York, New York	5.82%	10/1/2031	1,012,440

Note: The above schedules do not reflect holdings in index funds. A complete list is available upon request.

**Investments by Manager
As of June 30, 2020**

Investment Firm	Portfolio Type	Amount
<u>Fixed Income Managers</u>		
Reams Asset Management	Core Plus	\$ 34,968,495
Ramirez	Core	76,731,982
Long Duration	Long Term	15,747,911
DDJ	High Yield/ Bank Loans	7,466,795
Total Fixed Income		\$ 134,915,183
<u>Domestic Equity Managers</u>		
Northern Trust Global Investments	Large Cap Core	\$ 91,148,324
EARNEST Partners	Mid Cap Core	31,930,725
NWQ	Small Cap Value	6,549,291
Rice Hall James	Small Cap Growth	11,721,246
SPI Strategies	Defensive Equity	17,447,691
Transition Account	Short Term	144,041
Total Domestic Equity		\$ 158,941,319
<u>International Equity Managers</u>		
Strategic Global Advisors	International	\$ 31,885,831
State Street Global Advisors	Non-US Developed Core	13,341,625
Total International Equity		\$ 45,227,456
<u>Alternative Managers</u>		
Parametric	Covered Calls	\$ 43,709,372
Total Alternative Investments		\$ 43,709,372
Total Investment		\$ 382,793,329

**Asset Allocation
As of June 30, 2020**



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TAB DIVIDER

ACTUARIAL

TAB DIVIDER

SECTION 4

ACTUARIAL



Al Edwards
Fire Fighter
Served with Oakland Fire Department
1968 to 2000

Actuary's Certification Letter



Classic Values, Innovative Advice

Via Electronic Mail

December 23, 2020

Actuarial Certification

This is the Actuary's Certification Letter for the Actuarial Section of the Annual Report for the Oakland Police and Fire Retirement System (PFRS, the Plan) as of June 30, 2020. This letter includes references to two documents produced by Cheiron for the Plan: the actuarial valuation report as of June 30, 2019 (transmitted March 2, 2020) and the GASB 67/68 report as of June 30, 2020 (transmitted November 4, 2020).

Actuarial Valuation Report as of June 30, 2019

The purpose of the annual actuarial valuation report as of June 30, 2019 is to determine the actuarial funding status of the Plan on that date and to calculate an actuarially determined contribution amount in accordance with the Plan's funding agreement with the City of Oakland. The prior review was conducted by Cheiron as of June 30, 2018.

Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution amount provides for current cost (normal cost and expected administrative expenses) plus an amount to amortize the Unfunded Actuarial Liability (UAL). All members of the Plan have retired, therefore no normal cost has been computed, and the actuarially determined contributions are equal to the unfunded liability amortization payment plus administrative expenses.

As part of the funding agreement with the City, the UAL is expected to be amortized as level percentage of overall City Safety payroll, with payments commencing in the fiscal year beginning July 1, 2017, and completed in the year ending June 30, 2026.

For actuarial valuation purposes, Plan assets are valued at actuarial value. Under this method, the Actuarial Value of Assets recognizes one-fifth of the difference between the expected asset value (based on the 6.00% return assumption for the current Plan year) and the actual market value each year. The actuarial value is restricted to fall between 90% and 110% of the market value.

The Retirement System Board is responsible for establishing and maintaining the funding policy of the Plan.

We prepared the following schedules, which we understand will be used in the Actuarial Section of the 2020 PFRS Annual Report, based on the June 30, 2019 actuarial valuation. All historical information prior to the June 30, 2013 actuarial valuation shown in these schedules is based on information reported by Bartel Associates, who served as the actuary prior to 2013.

www.cheiron.us 1.877.CHEIRON (243.4766)

Actuary's Certification Letter

December 23, 2020
Page 2

- Statement of Actuarial Assumptions and Methods
- Summary of Participant Data
- Development of Actuarial Gain/Loss (Analysis of Financial Experience)
- Schedule of Funding Status
- Summary of Plan Provisions

The assumptions used in this report reflect the results of an experience study performed by Cheiron covering the period from July 1, 2014 through June 30, 2017 and adopted by the Board. The assumptions used are intended to produce results that, in aggregate, reasonably approximate the anticipated future experience of the Plan.

We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the requirements of the Actuarial Standards of Practice, in particular Standards No. 4, 27, 35, and 44.

GASB 67/68 Report as of June 30, 2020

The purpose of the GASB 67/68 report as of June 30, 2020 is to provide accounting and financial reporting information under GASB 67 for the Plan and under GASB 68 for the City of Oakland. This report is not appropriate for other purposes, including the measurement of funding requirements for the Plan.

For financial reporting purposes, the Total Pension Liability (TPL) is based on the June 30, 2019 actuarial valuation updated to the measurement date of June 30, 2020. The update included the addition of interest cost offset by actual benefit payments.

Beginning of year measurements are based on the actuarial valuation as of June 30, 2018, updated to the measurement date of June 30, 2019. The June 30, 2020 Total Pension Liability (TPL) presented in the GASB 67/68 report was based upon the same data, plan provisions, actuarial methods, and assumptions as were used in the actuarial valuation report as of June 30, 2019.

Please refer to our GASB 67 report as of June 30, 2020 for additional information related to the financial reporting of the System. We prepared the following schedules for inclusion in the Financial Section of the 2020 PFRS Annual Report based on the June 30, 2020 GASB 67/68 report:

- Change in Net Pension Liability
- Sensitivity of Net Pension Liability to Changes in Discount Rate
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Employer Contributions
- Notes to the Schedule of Employer Contributions



Actuary's Certification Letter

December 23, 2020
Page 3

We certify that the letter was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for disclosure purposes have been prepared in accordance with our understanding of generally accepted accounting principles as promulgated by the GASB.

Disclaimers

In preparing our reports, we relied on information (some oral and some written) supplied by the Plan. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

These reports are for the use of the Plan, the participating employer, and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of these reports is not an intended user and is considered a third party.

Cheiron's reports were prepared solely for the Plan for the purposes described herein, except that the Plan and its auditors may rely on these reports solely for the purpose of completing an audit related to the matters herein. Other users of these reports are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. These reports do not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Respectfully Submitted,
Cheiron



Graham A. Schmidt, ASA, EA, FCA, MAAA
Consulting Actuary
703-893-1456, x1137
gschmidt@cheiron.us



Timothy S. Doyle, ASA, EA, MAAA
Consulting Actuary
703-893-1456, x1140
tdoyle@cheiron.us



Summary of Actuarial Value, Assumptions and Funding Methods

PURPOSE OF ACTUARIAL VALUATION

The Oakland Police and Fire Retirement System (PFRS) is a closed defined benefit pension plan. It was closed to new members on June 30, 1976. As of June 30, 2019, there are no active member. All members are retirees and beneficiaries.

The actual costs of a defined benefit plan are determined entirely by the amount of the benefit promise, the actual salaries and service of the plan participants, and how long they and their beneficiaries live to receive payments. In addition, the actuarial methodology provides a reasonable plan, or method, towards funding the expected costs of the plan. This information assists the plan trustees so they can make informed decisions regarding plan investments and how much in contributions will be required from the employer to eventually fully pay for the plan's costs.

The most recent actuarial valuation was as of June 30, 2019. The key results of the actuarial valuation are as follows:

- The actuarially determined employer contribution amount for Fiscal Year 2020-2021 is \$43.6 million, based on projecting the Actuarial Liabilities and the Actuarial Value of Assets to the end of the 2019-2020 Fiscal Year. This represents a decrease of \$0.2 million from the estimated amount in the prior valuation for the same Fiscal Year. The contribution is assumed to be paid in equal installments throughout the year, or on average at approximately January 1, 2021.
- During the year ended June 30, 2019, the return on Plan assets was 5.83% on a market value basis net of investment expenses, as compared to the 6.00% assumption for the 2018-2019 Plan year. This resulted in a market value loss on investments of \$2.0 million. The Actuarial Value of Assets (AVA) is calculated as the expected AVA plus 20% of the difference between the market value and the expected AVA. This smoothed value of assets returned 7.74%, for an actuarial asset gain of \$5.9 million.

- The Plan experienced a gain on the Actuarial Liability of \$5.4 million, the net result of changes in the population and changes in benefits, including recognition of a portion of the lower than expected COLA increases from the most recent Police MOU. Another decrease in the Actuarial Liability resulted from a reduction in the Holiday Pay compensation for PFRS Police members in the ranks of Captain and Deputy Chief. Combining the liability and asset gains, the Plan experienced a total gain of \$11.3 million.
- The Plan's smoothed funded ratio, the ratio of Actuarial Value of Assets over Actuarial Liability, increased from 53.7% last year to 58.0% on an AVA basis as of June 30, 2019.
- The Plan's funded ratio increased from 58.1% to 61.8% on a Market Value of Assets (MVA) basis.
- The Unfunded Actuarial Liability (UAL) is the excess of the Plan's Actuarial Liability over the Actuarial Value of Assets. The Plan experienced a decrease in the UAL from \$299.8 million to \$261.8 million as of July 1, 2019.
- Overall participant membership decreased compared to last year. 23 members died, five of whom had their benefits continued to a surviving spouse. In addition, 21 surviving beneficiaries died. There are no active members of the Plan.
- The administrative expense assumption for Fiscal Year 2019-2020 increased from \$1.0 million to \$1.6 million after input from PFRS Staff.
- If the contribution were determined using a projected asset value based on the current market (i.e., non-smoothed) value of assets, the contribution for FY 2020-2021 would be \$40.0 million. The contribution is smaller than that determined using the projected AVA, because the current market value reflects the full amount of recent investment gains, while under the AVA projection a portion of those gains are deferred until years after FY 2020-2021.

VALUATION SUMMARY

Table I-1 below summarizes all the key results of the valuation with respect to membership, assets and liabilities, and contributions. The results are presented and compared for both the current and prior plan year.

Table I-1			
Summary of Principal Plan Results			
(\$ in Thousands)			
	July 1, 2018	July 1, 2019	% Change
Participant Counts			
Active Participants	0	0	
Participants Receiving a Benefit	837	798	-4.7%
Total	837	798	-4.7%
Annual Pay of Active Members	\$ 0	\$ 0	
Assets and Liabilities			
Actuarial Liability (AL)	\$ 647,251	\$ 622,836	-3.8%
Actuarial Value of Assets (AVA)	\$ 347,467	\$ 361,037	3.9%
Unfunded Actuarial Liability (UAL)	\$ 299,784	\$ 261,798	-12.7%
Funded Ratio (AVA)	53.7%	58.0%	4.3%
Funded Ratio (MVA)	58.1%	61.8%	3.7%
Contributions			
Employer Contribution (FY2019-20)	\$ 43,409	N/A	
Employer Contribution (FY2020-21)	\$ 43,835	\$ 43,648	-0.4%

ACTUARIAL DEFINITIONS

The **Present Value of Future Benefits** (PVFB) is used for measuring all future Plan obligations, the obligations of the Plan earned as of the valuation date and those to be earned in the future by current plan participants under the current Plan provisions, if all assumptions are met.

The **Actuarial Liability** (AL) is calculated taking the Present Value of Future Benefits and subtracting the Present Value of Future Normal Costs under an acceptable actuarial funding method. Because the Plan has no active members, the Actuarial Liability is equal to the Present Value of Future Benefits (i.e., all benefits are fully accrued).

The **Unfunded Actuarial Liability** (UAL) is the excess of the Actuarial Liability over the Actuarial Value of Assets.

The **Actuarial Value of Assets** (AVA) is the value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

ACTUARIAL METHODS AND ASSUMPTIONS

ACTUARIAL METHODS

The actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the Entry Age Normal cost method.

The normal cost rate is determined with the normal cost percentage equal to the total Projected Value of Benefits at Entry Age, divided by Present Value of Future Salary at Entry Age. Since there are no longer any active employees, the normal cost for this plan is \$0.

Actuarial Value of Plan Assets

The excess of the Plan's Actuarial Liability (AL) over the Actuarial Value of Assets (AVA) is the Unfunded Actuarial Liability (UAL). In accordance with the Plan's funding agreement with the City of Oakland, the UAL must be amortized by July 1, 2026, with contributions resuming in the 2017-2018 fiscal year. The projected fiscal year 2020-2021 contribution has been calculated using level percent of pay amortization, based on total projected City payroll for all Safety employees.

ACTUARIAL ASSUMPTIONS

The assumptions used in this report reflect the results of an Experience Study performed by Cheiron covering the period from July 1, 2014 through June 30, 2017 and adopted by the Board. More details on the rationale for the demographic and economic assumptions can be found in the Experience Analysis presented to the Board on February 28, 2018.

Rate of Return

The expected annual rates of return, net of investment expenses, on all Plan assets are shown in the table below. The equivalent single discount rate for these returns using the Plan’s expected projected benefit payments is 5.50%.

Benefit Payment Year	Expected Return
2019 - 2026	6.000 %
2027	5.725 %
2028	5.450 %
2029	5.175 %
2030	4.900 %
2031	4.625 %
2032	4.350 %
2033	4.075 %
2034	3.800 %
2035	3.525 %
2036+	3.250 %

Cost of Living Adjustments

Cost-of-living adjustments are based on salary increases for a retiree’s rank at retirement.

The long-term rate of salary increase is assumed to be 3.25% (2.85% inflation plus 0.4% productivity). The following schedule shows salary increases based on the current Police contract which expires on June 30, 2023, and the Fire contract which expired on October 31, 2020. All increases shown after those dates are assumptions (we have assumed a 3.25% increase for Fire will occur in FY 2020-21).

Post-Retirement Benefit Increases (Based on Salary Increases for Rank at Retirement)		
Date of Increase	Police	Fire
November 1, 2019	0.00%	2.00%
July 1, 2020	2.50%	3.25%
July 1, 2021	3.00%	3.25%
July 1, 2022	3.50%	3.25%
July 1, 2023	3.50%	3.25%
Annual Increases Starting July 1, 2024	3.25%	3.25%

Inflation

The assumed rate of general inflation is 2.75% (entire US) and local inflation is 2.85% (Bay Area). The general inflation rate is used in the determination of the investment return assumptions. The local inflation rate is used in the determination of the growth in expenses and salaries (which determine the COLA increases).

Rates of Termination, Disability and Retirement

None

Rates of Mortality for Healthy Lives (for service retirees and beneficiaries)

CalPERS Healthy Annuitant Table from the 2012-2015 Experience Study, excluding the 15-year projection using 90% of Scale MP-2016.

Rates of Mortality for Disabled Retirees

CalPERS Industrial Disability Mortality Table from the 2012-2015 Experience Study, excluding the 15-year projection using 90% of Scale MP-2016.

Mortality Improvement

The mortality tables are projected to improve with the MP-2017 generational mortality improvement tables, with improvements projected from a base year of 2014 (the mid-point of the CalPERS base tables).

Survivor Continuance

30% of disabled retirees' deaths are assumed to be related to injuries arising out of the performance of duty, entitling the surviving spouse to a 100% continuance.

Changes in Assumptions since the Last Valuation

The administrative expense assumption increased to \$1.6 million and the Longevity Pay assumption for Fire members was removed, as Longevity Pay was included in the June 30, 2019 benefits provided by PFRS staff. No other changes were made to the actuarial assumptions.

Administrative Expenses

Administrative expenses for the Fiscal Year Ending June 30, 2020 are assumed to be \$1,600,000, growing at 2.85% per year.

Membership Information

Service Retired Participants

Age	Police		Fire		Total	
	Number	Total Annual Benefit	Number	Total Annual Benefit	Number	Total Annual Benefit
< 50	0	\$0	0	\$0	0	\$0
50-54	0	\$0	0	\$0	0	\$0
55-59	0	\$0	0	\$0	0	\$0
60-64	0	\$0	0	\$0	0	\$0
65-69	32	\$2,478,381	2	\$141,947	34	\$2,620,329
70-74	93	\$7,094,911	23	\$1,638,511	116	\$8,733,422
75-79	75	\$5,507,600	31	\$2,524,962	106	\$8,032,562
80-84	22	\$1,931,751	13	\$1,150,005	35	\$3,081,755
85-89	11	\$820,048	13	\$986,182	24	\$1,806,230
90-94	6	\$530,159	13	\$1,237,336	19	\$1,767,494
95-99	2	\$165,066	5	\$381,536	7	\$546,602
100+	0	\$0	0	\$0	0	\$0
Total	241	\$18,527,915	100	\$8,060,478	341	\$26,588,393

Disability Retired Participants

Age	Police		Fire		Total	
	Number	Total Annual Benefit	Number	Total Annual Benefit	Number	Total Annual Benefit
< 50	0	\$0	0	\$0	0	\$0
50-54	0	\$0	0	\$0	0	\$0
55-59	0	\$0	0	\$0	0	\$0
60-64	0	\$0	0	\$0	0	\$0
65-69	9	\$631,236	11	\$727,128	20	\$1,358,364
70-74	56	\$4,108,597	37	\$2,631,149	93	\$6,739,746
75-79	26	\$1,867,605	31	\$2,350,391	57	\$4,217,996
80-84	10	\$748,019	9	\$787,392	19	\$1,535,411
85-89	5	\$407,755	8	\$670,644	13	\$1,078,399
90-94	1	\$111,785	2	\$182,354	3	\$294,138
95-99	0	\$0	1	\$63,958	1	\$63,958
100+	0	\$0	0	\$0	0	\$0
Total	107	\$7,874,996	99	\$7,413,016	206	\$15,288,012

Membership Information

Beneficiaries

Age	Police		Fire		Total	
	Number	Total Annual Benefit	Number	Total Annual Benefit	Number	Total Annual Benefit
< 50	0	\$0	0	\$0	0	\$0
50-54	0	\$0	0	\$0	0	\$0
55-59	1	\$69,896	1	\$83,666	2	\$153,562
60-64	3	\$166,930	4	\$208,384	7	\$375,315
65-69	15	\$786,304	9	\$551,554	24	\$1,337,858
70-74	28	\$1,445,175	14	\$797,000	42	\$2,242,175
75-79	21	\$1,061,570	17	\$962,928	38	\$8,032,562
80-84	12	\$736,686	16	\$922,431	28	\$1,659,117
85-89	14	\$840,522	24	\$1,162,612	38	\$2,024,497
90-94	26	\$1,464,351	30	\$1,710,967	56	\$3,175,318
95-99	6	\$324,839	7	\$359,756	13	\$684,594
100+	1	\$74,685	2	\$128,824	3	\$203,509
Total	127	\$6,970,958	124	\$6,888,121	251	\$13,859,080

Membership Information

Participant Data Summary

	July 1, 2018			July 1, 2019		
	Police	Fire	Total	Police	Fire	Total
Active Participants						
Number	0	0	0	0	0	0
Number Vested	0	0	0	0	0	0
Average Age	00.0	00.0	00.0	00.0	00.0	00.0
Average Service	00.0	00.0	00.0	00.0	00.0	00.0
Average Pay	\$0	\$0	\$0	\$0	\$0	\$0
Service Retirees						
Number	250	110	360	241	100	341
Average Age	75.0	80.8	76.8	75.7	80.9	77.2
Average Annual Benefit	\$77,420	\$77,216	\$77,358	\$76,879	\$80,605	\$77,972
Disabled Retirees						
Number	109	101	210	107	99	206
Average Age	74.2	75.6	74.9	75.2	76.4	75.8
Average Annual Benefit	\$73,959	\$72,635	\$73,322	\$73,598	\$74,879	\$74,214
Beneficiaries						
Number	133	134	267	127	124	251
Average Age	80.5	83.4	82.0	80.6	83.2	81.8
Average Annual Benefit	\$55,952	\$54,306	\$55,126	\$54,889	\$55,549	\$55,215
All Inactive						
Number	492	345	837	475	323	798
Average Age	76.3	80.3	77.9	76.9	80.4	78.3
Average Annual Benefit	\$70,850	\$66,976	\$69,253	\$70,261	\$69,231	\$69,844

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TAB DIVIDER

IN MEMORIAM

TAB DIVIDER

In Memoriam



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***Oakland Police and Fire
Retiree & Beneficiary Deaths
2019—2020***

Fire Members

Oline Bell	Beneficiary
William Boone	Retiree
Dolores Borge	Beneficiary
Michael Bosco	Retiree
Eileen Bramante	Beneficiary
Harold Crane	Retiree
Norman Faix	Retiree
Robert Fyfe	Retiree
Bette Golden	Beneficiary
Dorothy Grimes	Beneficiary
Yvonne Halloran	Beneficiary
Thomas Hardy	Retiree
Peder Jacobson	Retiree
John Korte	Retiree
Wilhelmina Martin	Beneficiary
Lili Rice	Beneficiary
Jo Ann Schoenweiler	Beneficiary
Dorothy Walsh	Beneficiary
Mary Williams-Siders	Beneficiary

Police Members

Donald Aboussleman	Retiree
Arthur Ambrose	Retiree
Jody Buna	Retiree
Donald Burnett	Retiree
William Clark	Retiree
Donald Cleaves	Retiree
Edward Connolly	Retiree
Barry Deadder	Retiree
Marion T. Di Fraia	Beneficiary
Robert Froines	Retiree
Harlan Goodson	Retiree
Luz Guidici	Beneficiary
Marvin Halliday	Retiree
Glenn Hicks	Retiree
Elizabeth Holmes	Beneficiary
Charles Jones	Retiree
Larry Lucas	Retiree
James McArthur	Retiree
Shirlie Nielsen-Spitoni	Beneficiary
John Owen	Retiree
Robert Sebastiani	Retiree
Doris Turkington	Beneficiary
Harry Vaughn	Retiree
George Whitfield	Retiree
Dorothy Wilson	Beneficiary
Tommie Young	Retiree



AGENDA REPORT

TO: Oakland Police and Fire
Retirement Board

FROM: David Jones
Plan Administrator

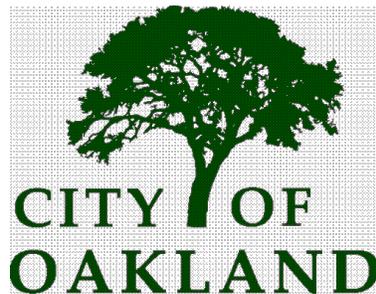
SUBJECT: Audit Committee Agenda Pending List **DATE:** January 21, 2021

	SUBJECT	TENTATIVE SCHEDULED MTG DATE	STATUS
1	Status Report of the Ad Hoc Committee regarding Actuarial Funding date of July 1, 2026	January 25, 2021	
2	Staff review of the 2006 Management Audit.	TBD	

Respectfully submitted,

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

Pursuant to the Governor's Executive Order N-29-20, all members of the City Council, as well as the City Administrator, City Attorney and City Clerk will join the meeting via phone/video conference and no teleconference locations are required



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

Oakland Police and Fire Retirement Board meetings are being held via Tele-Conference. Please see the agenda to participate in the meeting. For additional information, contact the Retirement Unit by calling (510) 238-6481.

INVESTMENT COMMITTEE MEMBERS

Jaime T. Godfrey
Chairperson

R. Steve Wilkinson
Member

Robert W. Nichelini
Member

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

AGENDA

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

Wednesday, January 27, 2021
10:00 AM
Tele-Conference Board Meeting
via Zoom

OBSERVE

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

PUBLIC COMMENTS

There are three ways to submit public comments.

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

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR INVESTMENT COMMITTEE MEETING
JANUARY 27, 2021**

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

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

--- ORDER OF BUSINESS ---

- 1. Subject: Police and Fire Retirement System (“PFRS”) Investment Committee Meeting Minutes**
From: Staff of the PFRS Board
Recommendation: **APPROVE** December 10, 2020 Investment Committee Meeting Minutes.
- 2. Subject: Investment Manager Performance Review – Updated Diversity Report from Parametric Portfolio Associates, LLC, a PFRS Covered Calls Asset Class Investment Manager**
From: Parametric Portfolio Associates, LLC
Recommendation: **ACCEPT** updated informational report regarding the Diversity Policy of Parametric Portfolio Associates, LLC, a PFRS Covered Calls Asset Class Investment Manager.
- 3. Subject: Consent Form Regarding Merger of Parametric Portfolio Associates, LLC Parent Company, Eaton Vance Corp., and Morgan Stanley**
From: Parametric Portfolio Associates, LLC
Recommendation: **RECEIVE** an informational report regarding merger of Parametric Portfolio Associates, LLC parent company, Eaton Vance Corp., and Morgan Stanley and **RECOMMEND BOARD APPROVAL** of assignment of PFRS investment advisory agreement resulting from the change of control of Parametric.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR INVESTMENT COMMITTEE MEETING
JANUARY 27, 2021

4. **Subject:** Resolution No. 8006 - Resolution Authorizing a One-Year Extension of Professional Services Agreement with Parametric Portfolio Associates, LLC for Covered Calls Asset Class Investment Manager
From: Staff of the PFRS Board
Recommendation: **RECOMMEND BOARD APPROVAL** of Resolution No. 8006 - Resolution Authorizing a One-Year Extension of Professional Services Agreement with Parametric Portfolio Associates, LLC for Covered Calls Asset Class Investment Manager.
5. **Subject:** Investment Market Overview
From: Meketa Investment Group
Recommendation: **ACCEPT** an informational report on the global investment markets as of December 31, 2020.
6. **Subject:** Preliminary Investment Fund Performance Update as of December 31, 2020
From: Meketa Investment Group
Recommendation: **ACCEPT** the Preliminary Investment Fund Performance update as of December 31, 2020.
7. **Subject:** Plan and Process for Selecting New PFRS Investment Manager to Implement the Crisis Risk Offset Investment Strategy
From: Meketa Investment Group
Recommendation: **RECEIVE** an informational report regarding possible candidates to serve as the new PFRS Investment Managers for PFRS Crisis Risk Offset Investment Strategy. **DISCUSS** and **RECOMMEND BOARD APPROVAL** of the recommendation from Meketa Investment Group to identify and fund two separate strategies to fill the roles of Alternative Risk Premia and Systematic Trend Following Investment Managers. **REQUEST BOARD DIRECTION** for Meketa to create a short-list of candidates for further consideration based on the most recent full Request For Information process for each strategy conducted by Meketa in 2019.
8. **Subject:** Annual Diversity Report of Current PFRS Investment Managers
From: Meketa Investment Group
Recommendation: **ACCEPT** informational report regarding the diversity representation of current PFRS Investment Managers as of December 31, 2020.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR INVESTMENT COMMITTEE MEETING
JANUARY 27, 2021

9. **Subject:** **Draft Emergency Procedures for Terminating or Limiting Trading Discretion of PFRS Investment Managers to Protect PFRS Fund Assets**
- From:** Staff of the PFRS Board
-
- Recommendation:** **REVIEW AND DISCUSS** draft Emergency Procedures for terminating or limiting trading discretion of PFRS Investment Managers to protect PFRS Fund Assets **RECOMMEND BOARD APPROVAL** of Emergency Procedures or other course of action with regard to Emergency Procedures as determined by Committee
10. **Schedule of Pending Investment Committee Meeting Agenda Items**
11. **Open Forum**
12. **Future Scheduling**
13. **Adjournment**

AN INVESTMENT AND FINANCIAL MATTERS COMMITTEE SPECIAL MEETING of the Oakland Police and Fire Retirement System (“PFRS”) was held Thursday, December 10, 2020 via Zoom Tele-Conference.

- Committee Members:
- Jamie T. Godfrey Chairperson
 - R. Steven Wilkinson Member
 - Robert W. Nichelini Member
- Additional Attendees:
- David Jones Plan Administrator
 - Jennifer Logue PFRS Legal Counsel
 - Teir Jenkins PFRS Staff Member
 - Maxine Visaya PFRS Staff Member
 - David Sancewich Meketa Investment Group
 - Sidney Kawanguzi Meketa Investment Group

The meeting was called to order at 10:00 am PST

1. **Approval of Investment Committee Meeting Minutes** Member Nichelini made a motion to approve the October 28, 2020 Investment Committee Meeting Minutes, second by Member Wilkinson. The motion passed.

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

2. **Investment Market Overview** – David Sancewich of Meketa Investment Group provided a summary of the informational report on the global economic factors affecting the PFRS Fund as of October 31, 2020. Mr. Sancewich acknowledged that there have been a lot of change from the date of this report to today and offered a verbal update indicating influence of many factors including the impact of the Coronavirus Pandemic on the world investment markets, the continued drive from the information technology sector, the approval of COVID-19 vaccines, as well as the results of the Presidential Election pending the confirmation of the Electoral College and the ability to pass a stimulus package.

MOTION: Chairperson Godfrey made a motion to accept the informational report from Meketa regarding the investment market overview as of October 31, 2020, second by Member Nichelini. Motion passed.

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

3. **Investment Fund Quarterly Performance Update as of September 30, 2020** – David Sancewich of Meketa Investment Group provided a brief summary of the informational report regarding the PFRS Investment Fund Quarterly Performance Update as of September 30, 2020, highlighting the Total Portfolio Summary, Index Returns, Summary of Cash Flows, Asset Class Performance, and Manager Performance. Mr. Sancewich again acknowledged that significant change has occurred since the date of this report. It was noted that this is the report that is provided to the City Council on an annual basis and Chairperson Godfrey inquired if it is possible to include an addendum when presenting this information to the City Council to update where we are as of November 30, 2020. Mr. Sancewich will work with staff members Jenkins and Jones on this matter.

MOTION: Chairperson Godfrey made a motion to accept the informational report from Meketa regarding the Investment Fund Quarterly Performance Update as of September 30, 2020, second by Member Wilkinson. Motion passed.

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

4. **Preliminary Investment Fund Quarterly Performance Update as of October 31, 2020** – Sidney Kawanguzi of Meketa Investment Group reported on the details of the Preliminary Investment Fund Performance Update as of October 31, 2020 and David Sancewich provided a verbal update on the portfolio performance through November 30, 2020. David Sancewich noted that through October and November the portfolio has remained within its rebalancing ranges and monthly monitoring of this portfolio continues.

MOTION: Chairperson Godfrey made a motion to accept the informational report regarding the preliminary investment fund quarterly performance update as of October 31, 2020 from Meketa, second by Member Nichelini. Motion passed.

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

5. **\$13.9 Million Drawdown for Fiscal Year 2020/2021 (Quarter Ending March 2021) Member Allowances Jan 1, 2021 through March 30, 2021**– Sidney Kawanguzi of Meketa Investment Group presented the details of the Meketa report describing the \$13.9 million drawdown of funds, which includes a \$10.9 Million contribution from the City of Oakland and a \$3.0 Million contribution from the PFRS Investment Fund, to pay for the PFRS member retirement allowances to its members for the period of January 1, 2021 through March 30, 2021.

MOTION: Chairperson Godfrey made a motion to recommend Board Approval of the member allowances drawdown of funds to pay the PFRS member retirement allowances for the period of January 2021 through March 2021, second by Member Nichelini. Motion passed.

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

6. **Investment Manager Performance Review – Parametric Portfolio Associates, LLC, a PFRS Covered Calls Asset Class Investment Manager** – David Sancewich of Meketa Investment Group presented the informational report regarding the Diversity Policy of Parametric Portfolio Associates, LLC, a PFRS Covered Calls Asset Class Investment Manager. Committee and Staff discussed the information provided and Member Wilkinson requested clarification on the information provided regarding the Board of Directors and General Partners. PFRS Staff Member Jenkins will reach out to Parametric in an attempt to obtain clarification prior to the Full Board Meeting.

MOTION: Chairperson Godfrey tabled this item to the Full Board pending further clarification of the constitution of the Board of Directors and General Partners. No action was taken.

7. **Resolution No. 8006 - Resolution Authorizing a One-Year Extension of Professional Services Agreement with Parametric Portfolio Associates, LLC for Covered Calls Asset Class Investment Manager** – As a result of no action being taken on agenda item number six, Chairperson Godfrey tabled this item to the Full Board pending requested clarification of information provided in the Diversity Report from Parametric Portfolio Associates, LLC, a PFRS Covered Calls Asset Class Investment Manager.

MOTION: Chairperson Godfrey tabled this item to the Full Board pending further clarification of the constitution of the Board of Directors and General Partners. No action was taken.

8. **Plan and Process for Selecting New PFRS Investment Manager to Implement the Defensive Equity Investment Strategy**– David Sancewich of Meketa Investment Group provided an updated informational report regarding options to consider for selecting possible candidates to serve as the new PFRS Investment Manager to implement the PFRS Defensive Equity Investment Strategy. Chairperson Godfrey requested diversity be incorporated in the review of candidates. David Sancewich confirmed this will be included in this search and those moving forward, recognizing this is important to the PFRS Board

MOTION: Chairperson Godfrey made a motion to accept the updated informational report and recommendation from Meketa regarding the plan and process for selecting possible candidates to serve as the new PFRS Investment Manager to implement the PFRS Defensive Equity Investment Strategy and forward to the Full Board, second by Member Wilkinson. Motion passed.

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

9. **Informational Report Regarding Underperformance of the Crisis Risk Offset Systematic Trend Following/Alternative Risk Premia Investment Strategy** – David Sancewich of Meketa Investment Group provided an informational report regarding the underperformance of the Crisis Risk Offset Systematic Trend Following/Alternative Risk Premia Investment Strategy formerly managed by Parametric Portfolio Associates, LLC. Mr. Sancewich emphasized this strategy has already been terminated by PFRS and assets have been reallocated to Fixed Income and within the Crisis Risk Offset Portfolios and is no longer a current strategy within the portfolio. This information was requested by the Trustees to have a better understanding of why this particular portfolio underperformed.

MOTION: Chairperson Godfrey made a motion to accept the informational report from Meketa regarding the underperformance of the Crisis Risk Offset Systematic Trend Following/Alternative Risk Premia Investment Strategy formerly managed by Parametric Portfolio Associates, LLC and forward to the Full Board, second by Member Nichelini. Motion passed.

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

10. **Schedule of Pending Investment Committee Meeting Agenda Items** – David Sancewich submitted a 2021 Ongoing Strategic Investment Agenda report and opened for discussion items Committee Members would like to see moving forward. Committee Members expressed interest in receiving informational/educational presentations on topics such as new trends in the market such as SPATS and Bitcoin. Additionally, a broad informational component regarding Energy and the move from carbon-based fuels toward more eco-friendly resources and more specifically PFRS exposure to such markets was discussed. Mr. Sancewich clarified that some of the dates in the report incorrectly referenced 2020 instead of 2021.
11. **Open Forum** – No Report
12. **Future Scheduling** – The next Regular Investment Committee Meeting is tentatively scheduled for January 27, 2021 at 10:00 a.m. PST
13. **Adjournment** – Member Nichelini made a motion to adjourn, second by Chairperson Godfrey. Motion passed.

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

The meeting adjourned at 11:12 a.m. PST

JAMIE T. GODFREY, COMMITTEE CHAIRPERSON

DATE



Parametric Portfolio Associates® LLC (“Parametric”)

Diversity Statistics

All Parametric Locations as of 12/31/2020

Category	Total	Women		People of Color*	
	Number	Number	Percentage	Number	Percentage
Total employees	614	211	34.36%	156	25.41%
Board of Directors (BoD)	N/A	N/A	N/A	N/A	N/A
General Partner (GP)	N/A	N/A	N/A	N/A	N/A
Leadership/Executives**	10	2	20.00%	2	20.00%
Senior Staff	45	10	22.22%	8	17.78%
Managers	167	53	31.74%	39	23.36%
Investment Professionals	145	26	17.93%	36	24.83%

*Includes Race/Ethnicities other than “White” or Not Declared”

**Parametric Executive Committee

Parametric - All Locations as of 12/31/2020											
Category	Total	Males	Females	Asian	Black or African American	Native Hawaiian or Other Pacific Islander	Hispanic or Latino	American Indian or Alaska Native	Two or more races	White	Not Declared
All Employees	614	403	211	98	13	4	17	3	21	450	8
Executive Committee	10	8	2	1	0	0	0	0	1	8	0
Senior Staff	45	35	10	5	0	1	1	0	1	37	0
Managers	167	114	53	27	2	2	4	0	4	126	2
Investment Professionals	145	119	26	23	3	2	1	1	6	108	1

800 FIFTH AVENUE
 SUITE 2800
 SEATTLE, WA 98104
 P 206 694 5500
 F 206 694 5581

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Eaton Vance Corp. – Diversity & Inclusion Data (as of 12/31/20)

Category	Total	Women		People of Color*	
	Number	Number	Percentage	Number	Percentage
Total employees	1,985	704	35.47%	397	20.00%
Board of Directors	8	3	37.50%	1	12.50%
General Partner	N/A	N/A	N/A	N/A	N/A
Leadership/Executives	N/A	N/A	N/A	N/A	N/A
Senior Staff	836	251	30.02%	111	13.23%
Managers	680	232	34.12%	102	15.00%
Investment Professionals	377	74	19.63%	73	19.36%

*Includes Race/Ethnicities other than "White" or Not Declared"

Eaton Vance Corp. - All Locations as of 12/31/2020											
Category	Total	Males	Females	Asian	Black or African American	Native Hawaiian or Other Pacific Islander	Hispanic or Latino	American Indian or Alaska Native	Two or more races	White	Not Declared
All Employees	1985	1280	704	206	76	6	61	5	43	1539	49
Executive Committee	8	5	3	0	1	0	0	0	1	7	0
Senior Staff	836	584	251	60	20	1	18	2	10	694	31
Managers	680	448	232	59	14	3	15	2	9	565	13
Investment Professionals	377	303	74	43	13	2	5	1	9	291	13

Parametric Diversity and Inclusion

Parametric is a part of Eaton Vance's Diversity and Inclusion ("D&I") program which seeks to make the firm a stronger and better company and to contribute positively to the communities in which its employees live and work. The importance of organizational D&I is acknowledged by EV's Chairman and CEO, Thomas Faust, senior leadership at Parametric and the Eaton Vance Corp. Board of Directors

An initial priority of the D&I strategy is to educate managers across Parametric on the objectives of the D&I initiative, key challenges and measures of success. Managers are expected to work with their Human Resources business partners to assess their departments and to develop action plans for advancing D&I. In addition, the firm recognizes that efforts to enhance the ability to recruit, develop and retain a talented and diverse workforce involves everyone at Parametric. Human Resources has target goals to hire diverse candidates for full-time and internship positions. Over many years the firm has partnered with diversity organizations as part of its efforts to source candidates and increase diversity at the firm. Examples of these ongoing efforts include recruitment and networking events, internship opportunities and partnerships with several colleges and universities, community involvement and professional associations.

In 2018, Eaton Vance created the position of Chief Diversity Officer, who works with employees across Eaton Vance affiliates to create and implement initiatives designed to foster a culture of D&I. The Chief Diversity Officer chairs Eaton Vance's D&I Leadership Council and D&I Operating Council and supports the work of the Employee Resource Groups, which are designed to bring together employees from across the firm with shared interests.

Eaton Vance Corp D&I Leadership Council

- Oversees mission to create value for Eaton Vance Corp and its stakeholders by increasing the firm's ability to attract, develop and retain a talented and diverse workforce
- Sets the strategy and direction for D&I across Eaton Vance Corp and develop the guiding principles for the Operating Council and Employee Resource Groups

Eaton Vance D&I Operating Council

- Acts as an active ambassador for D&I internally and externally to the firm
- Talent Acquisition, Retention through Engagement and Learning and Development
- Employee Resource Groups (MOSAIC, EV Pride +, Women's Leadership Exchange, EVolve)

In 2019, Parametric created a D&I Leadership Council to develop and implement the strategy, direction and guiding principles for D&I at Parametric, in partnership with the D&I Leadership Council at Eaton Vance. In 2020, Parametric also created a D&I Operating Council that serves to be ambassadors throughout Parametric and its communities to create a more diverse and inclusive environment through employee engagement. By continuing to increase the focus on

D&I, the firm will continue to foster an environment where employees can bring their authentic selves and diversity of thought to drive innovation and provide creative solutions for its clients.

Process and practices to foster diversity

The firm strives to implement a company culture that is inclusive, positive and performance-oriented. Parametric looks to create a diverse candidate pool by posting to various job boards, colleges and universities, and professional associations. Having a diverse workforce allows the firm to benefit from a variety of perspectives and strengthens its competitiveness.

Diversity Recruiting strategies have been determined so managers have options to choose from when defining the recruiting strategy for their open positions. These strategies support managers and the Talent Acquisition team in finding diverse top talent for each open position. Parametric posts all positions internally so all employees have access to review and apply for positions across the organization. These strategies also encourage development and promotion of diverse internal talent to fill open positions throughout the firm. Parametric looks to create a diverse candidate pool by posting to various job boards, colleges and universities, professional associations, and encouraging hiring managers and recruiters to create a network of diverse top talent. Having a diverse workforce allows the firm to benefit from a variety of perspectives and strengthens its competitiveness.

Parametric is an equal opportunity employer and is committed to providing a work environment that is free of discrimination and harassment. It does not discriminate against applicants or employees with respect to any terms or conditions of employment on account of race, color, religion, creed, national origin, ancestry, sex, sexual orientation, age, pregnancy, parenthood, physical or mental disability (actual or perceived), medical condition including genetic characteristics, marital status, citizenship status, military service, gender, gender identity, registered domestic partner status, domestic violence victim status, status with regard to public assistance, or any other characteristic protected by applicable federal, state or local laws. Parametric also prohibits discrimination based on the perception that a person has any of those characteristics or is associated with a person who has or is perceived as having any of those characteristics. This commitment applies to all persons involved in the operations of Parametric, and prohibits unlawful discrimination by any employee of Parametric, including supervisors and co-workers. All employment decisions shall be consistent with the principles of equal employment opportunity.

Parametric has set diversity targets (not quotas) for recruitment efforts of full-time and intern positions. These targets aim to increase both female and diversity hires at Parametric and are reviewed on a quarterly basis.

Parametric conducts a robust gender pay analysis annually to ensure that compensation is comparable for women and men for comparable positions.

In partnership with Eaton Vance's Chief Diversity Officer, Parametric's Diversity and Inclusion Leadership Council drive's strategy and implements initiatives and programs to continue to cultivate a diverse and inclusive environment.



Diversity & Inclusion Mission

To foster an environment where employees can bring their authentic selves and diversity of thought to drive innovation and provide creative solutions for our clients.

Guiding Principles

- We focus on attracting, hiring, developing and retaining a diverse employee population of top talent.
- We are committed to a work environment that is based on collaboration, fairness and mutual respect for each other.
- We drive innovative business solutions through an open-minded approach and acceptance of each other's varied perspectives.
- We seek to understand the varied perspectives of our clients so that we can provide customized solutions that fit their investment needs.

Diversity and Inclusion Recruiting Outreach Plan

Parametric understands the importance of organizational diversity and we strive to attract, develop, promote and retain top diverse talent through a wide variety of initiatives.

Parametric has set diversity targets (not quotas) for recruitment efforts of full-time and intern positions. These targets aim to increase both female and diversity hires at Parametric and are reviewed on a quarterly basis.

In partnership with Eaton Vance's Chief Diversity Officer, Parametric will continue to implement initiatives and programs to continue to cultivate a diverse and inclusive environment.

The following is a summary of our current and planned diversity recruiting outreach initiatives which include partnerships with colleges and universities, professional associations, and partnering with our local communities.

I. Targeted College Diversity Recruitment

- University of Washington, Seattle and Tacoma
- Seattle University
- Gonzaga University
- Washington State University
- University of Minnesota
- University of Nevada, Las Vegas
- Howard University
- Alabama A&M
- Morehouse

II. Professional Associations and Organizations

- Association of Latino Professionals For America (ALPFA) - www.alpfa.org
- Year Up Program - www.yearup.org
- National Association of Securities Professionals - <http://www.nasphq.org/>
- Girls Who Code – www.girlswhocode.com

III. Diversity Job Postings

- Association of Latino Professionals For America (ALPFA) - www.alpfa.org
- Professional Diversity Network - www.prodivnet.com/
- Military 2 Career - <http://www.military2career.com/>
- Women's Career Chanel - <http://www.womenscareerchannel.com/>
- Black Career Network - <http://www.blackcareernetwork.com/>
- Asian Career Network - <http://www.acareers.net/>
- Pro Able - <http://www.proable.net/>

800 FIFTH AVENUE
SUITE 2800
SEATTLE, WA 98104

P 206 694 5500

F 206 694 5581

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- Out Professional Network - <http://www.outpronet.com/>
- iHispano - <http://www.ihispano.com/>
- National Association of Asian American Professionals (NAAAP) - www.naaap.org
- National Black MBA Association - <https://nbmbaa.org>
- Women For Hire - <http://womenforhire.com/>
- Women Investment Professionals Chicago - <http://www.wipchicago.org/>
- 100 Women in Finance - <https://100women.org/>
- YUPRO - Placement Agency for Year Up Alumni

Parametric is an equal opportunity employer and is committed to providing a work environment that is free of discrimination and harassment. It does not discriminate against applicants or employees with respect to any terms or conditions of employment on account of race, color, religion, creed, national origin, ancestry, sex, sexual orientation, age, pregnancy, parenthood, physical or mental disability (actual or perceived), medical condition including genetic characteristics, marital status, citizenship status, military service, gender, gender identity or expression, registered domestic partner status, domestic violence victim status, status with regard to public assistance, or any other characteristic protected by applicable federal, state or local laws. Parametric also prohibits discrimination based on the perception that a person has any of those characteristics or is associated with a person who has or is perceived as having any of those characteristics. This commitment applies to all persons involved in the operations of Parametric, and prohibits unlawful discrimination by any employee of Parametric, including supervisors and co-workers. All employment decisions shall be consistent with the principles of equal employment opportunity.



December 15, 2020

City of Oakland Police & Fire Retirement System Board

Dear City of Oakland Police & Fire Retirement System Board:

We are writing to follow up on the announcement that Parametric's parent company, Eaton Vance Corp. has entered into a definitive merger agreement under which Morgan Stanley will acquire Eaton Vance Corp., and its subsidiaries, including Parametric. The transaction is expected to close in the second quarter of 2021, subject to customary closing conditions.

While our parent company will change, the investment process guiding your mandate and the professionals who have acted as stewards of your assets will not change as a result of the transaction. Further, the brand associated with your product will not change as a result of the transaction. At the same time, we believe that providing access to the additional resources of a world-class organization like Morgan Stanley will be additive to our investment teams in the ongoing management of your assets.

Required Action

To ensure we can continue to manage your portfolio(s) without interruption after the closing of the transaction, we are requesting your consent to the deemed assignment of your investment advisory agreement(s) resulting from the change of control of Parametric, as required under applicable law and your investment advisory agreement.

To consent, please complete and have an authorized party sign the enclosed consent form and return it to Parametric as soon as possible to ensure that we can continue to manage your portfolio(s) without interruption after the closing of the transaction.

We look forward to continuing our partnership with you and look forward to enhancing our relationship by bringing together the investment capabilities, distribution and client service resources, brands and cultures of Parametric and Morgan Stanley.

Sincerely,

Chief Executive Officer

Consent Form

Requires a signature from an authorized signer for the following plan(s): City of Oakland Police & Fire Retirement System Board.

Sign in this box if you consent:

Please sign this box if you agree to the deemed assignment of your investment advisory agreement(s) as a result of the transaction as described in the letter enclosing this form.

Client:

Client (if needed):

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Sign in this box if you object:

Please sign this box if you object to the deemed assignment of your investment advisory agreement(s) as a result of the transaction as described in the letter enclosing this form.

Client:

Client (if needed):

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Please e-mail this signed consent to:

Email: ParametricInstitutionalConsents@paraport.com

Mailing Address if needed:

ATTN: Parametric Institutional Consents
Eaton Vance Management
Two International Place, 15th Floor
Boston, MA 02110

ID: P10218



AGENDA REPORT

TO: Oakland Police and Fire
Retirement System (PFRS) Board

FROM: David F. Jones
Plan Administrator

SUBJECT: Expiration Notice of PFRS Investment
Manger Service Agreement and Action
to Extend Service Agreements

DATE: January 14, 2021

SUMMARY

The Service Contract for the following Investment Manager for the Oakland Police & Fire Retirement Systems (PFRS) expired December 23, 2020. The PFRS Board is asked to consider acting to extend the service agreement for this manager for one additional year pursuant to their service agreements.

BACKGROUND

The following information was presented to the PFRS Board at the December 10, 2020 meeting. The item was tabled pending additional information and further discussion at the next regularly scheduled meeting:

The Service Agreement for the following Investment Manager who provides services for the PFRS Board will expire shortly. The following table describes the investment manager contract:

Investment Manager	Investment Class	Hire Date	Contract/Extension Expiration Date
Parametric Portfolio Associates	Covered Calls	December 23, 2013	December 23, 2020

RECOMMENDATION

Staff recommends that the PFRS Board approve the implementation of the relevant service agreement provision for the manager to extend the service agreement between the above mentioned PFRS Investment Manager and PFRS.

Respectfully submitted,

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

Attachments:
Resolution # 8006

PFRS Board Meeting
January 27, 2021
Agenda Item D3

ATTACHMENT 1

Resolution No. 8006

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved to Form
and Legality



RESOLUTION No. 8006

ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

**RESOLUTION AUTHORIZING A ONE-YEAR
EXTENSION OF PROFESSIONAL SERVICES
AGREEMENT WITH PARAMETRIC PORTFOLIO
ASSOCIATES, LLC FOR COVERED CALLS ASSET
CLASS INVESTMENT MANAGER SERVICES**

WHEREAS, Oakland City Charter section 2601(e) states that the Board of the Oakland Police and Fire Retirement System (“PFRS Board”) shall possess power to make all necessary rules and regulations for its guidance and shall have exclusive control of the administration and investment of the funds established for the maintenance and operation of the system; and

WHEREAS, on June 19, 2013, the PFRS Board passed a motion to enter into an agreement (“The Agreement”) with Parametric Portfolio Associates, LLC (“Investment Counsel”), to provide advice and counsel regarding investments of the assets of the Police and Fire Retirement Fund (“Fund”); and

WHEREAS, Section XX of the Agreement allows for modification of the Agreement by written agreement of all parties; and

WHEREAS, Section IV(B) of the Agreement gave the PFRS Board the option to extend the initial term of the Agreement for three additional one-year terms by giving Investment Counsel written notice of its intent to exercise its option not less than sixty days prior to the expiration of the term or extended term of the agreement; and

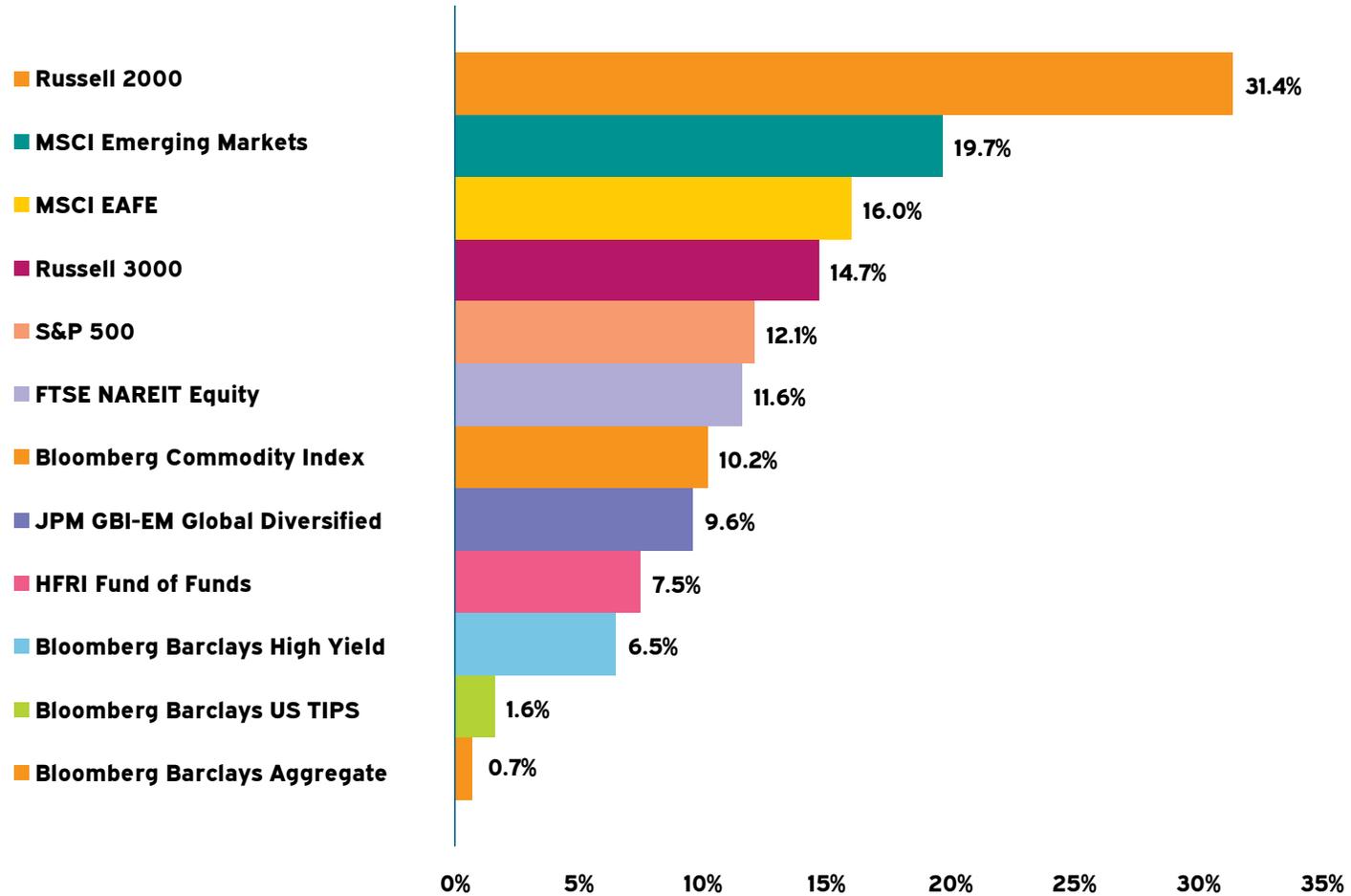
WHEREAS, on November 28, 2018, the PFRS Board passed Resolution No. 7033 authorizing amendment of Section IV(B) of the Agreement to provide the Board with unlimited one-year extension options, and

WHEREAS, on October 30, 2019, the PFRS Board passed Resolution No. 7074 authorizing an extension of the Agreement with Investment Counsel for an additional one-year term, effective December 23, 2019; and

WHEREAS, the PFRS Board wishes to extend the current Agreement with Investment Counsel for another one-year term, effective December 23, 2020; now, therefore, be it

**The World Markets
Fourth Quarter of 2020**

The World Markets¹ Fourth Quarter of 2020



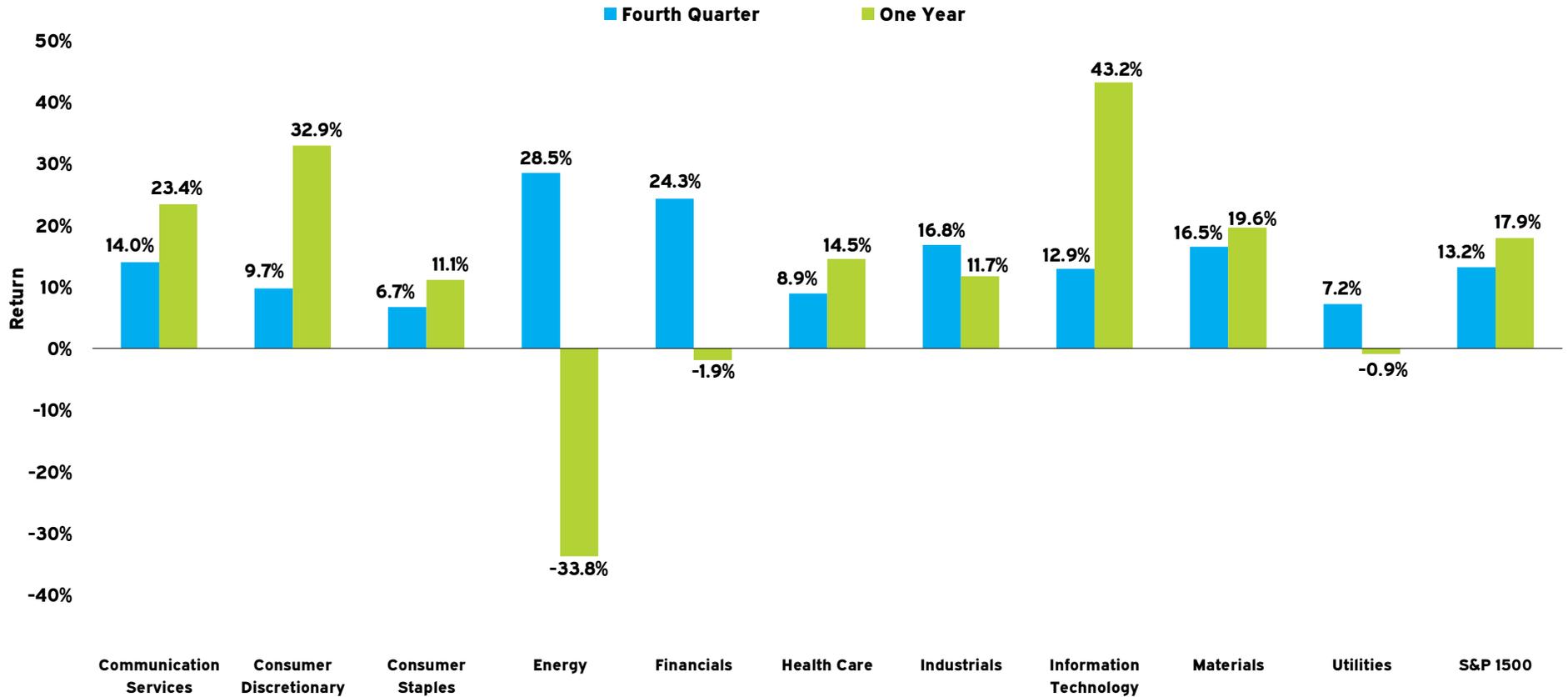
¹ Source: InvestorForce.

Index Returns¹

	4Q20 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity					
S&P 500	12.1	18.4	14.2	15.2	13.9
Russell 3000	14.7	20.9	14.5	15.4	13.8
Russell 1000	13.7	21.0	14.8	15.6	14.0
Russell 1000 Growth	11.4	38.5	23.0	21.0	17.2
Russell 1000 Value	16.3	2.8	6.1	9.7	10.5
Russell MidCap	19.9	17.1	11.6	13.4	12.4
Russell MidCap Growth	19.0	35.6	20.5	18.7	15.0
Russell MidCap Value	20.4	5.0	5.4	9.7	10.5
Russell 2000	31.4	20.0	10.2	13.3	11.2
Russell 2000 Growth	29.6	34.6	16.2	16.4	13.5
Russell 2000 Value	33.4	4.6	3.7	9.7	8.7
Foreign Equity					
MSCI ACWI (ex. US)	17.0	10.7	4.9	8.9	4.9
MSCI EAFE	16.0	7.8	4.3	7.4	5.5
MSCI EAFE (Local Currency)	11.4	0.8	3.0	5.8	6.8
MSCI EAFE Small Cap	17.3	12.3	4.9	9.4	7.8
MSCI Emerging Markets	19.7	18.3	6.2	12.8	3.6
MSCI Emerging Markets (Local Currency)	16.0	19.1	8.1	12.6	6.6
Fixed Income					
Bloomberg Barclays Universal	1.3	7.6	5.5	4.9	4.2
Bloomberg Barclays Aggregate	0.7	7.5	5.3	4.4	3.8
Bloomberg Barclays US TIPS	1.6	11.0	5.9	5.1	3.8
Bloomberg Barclays High Yield	6.5	7.1	6.2	8.6	6.8
JPM GBI-EM Global Diversified	9.6	2.7	3.0	6.7	1.5
Other					
FTSE NAREIT Equity	11.6	-8.0	3.4	4.8	8.3
Bloomberg Commodity Index	10.2	-3.1	-2.5	1.0	-6.5
HFRI Fund of Funds	7.5	10.3	4.7	4.4	3.3

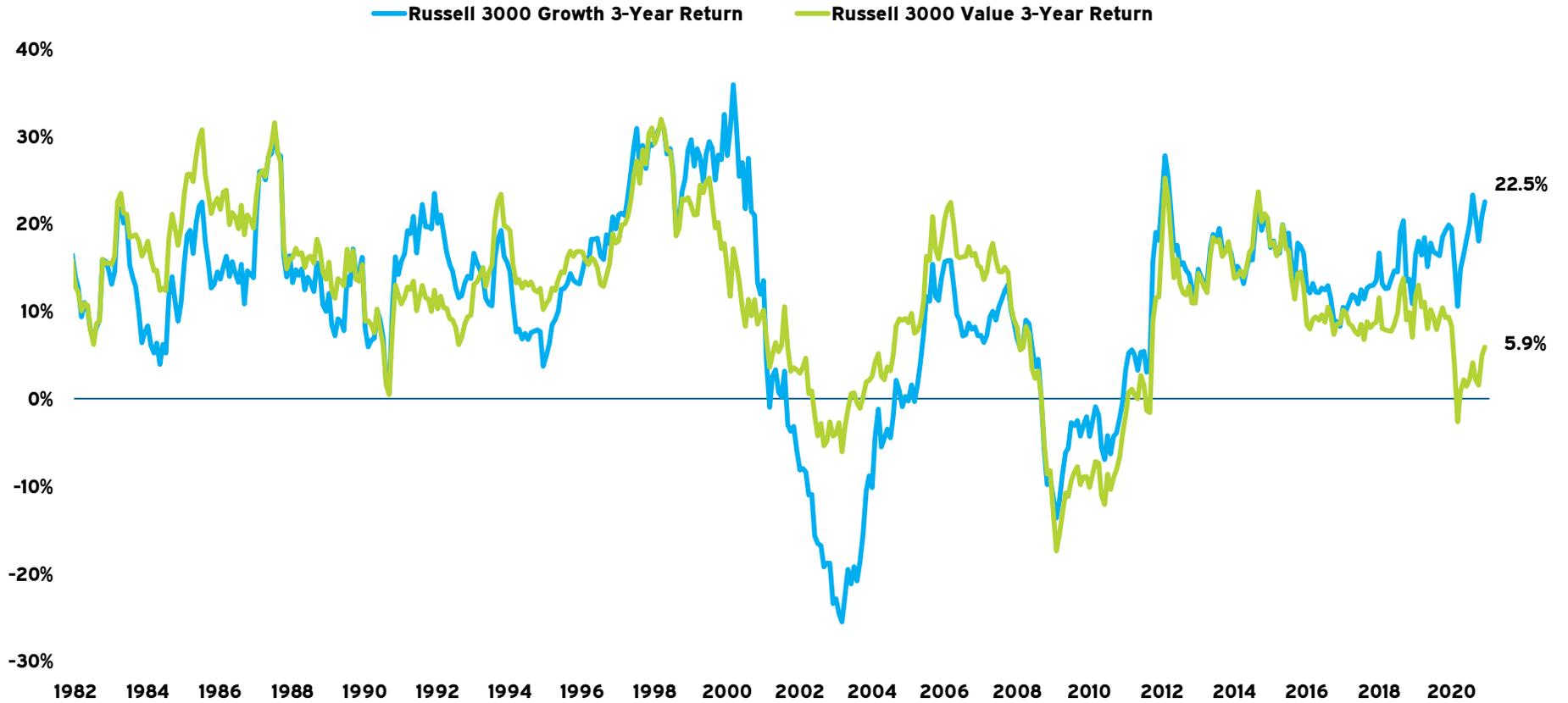
¹ Source: InvestorForce.

S&P Sector Returns¹



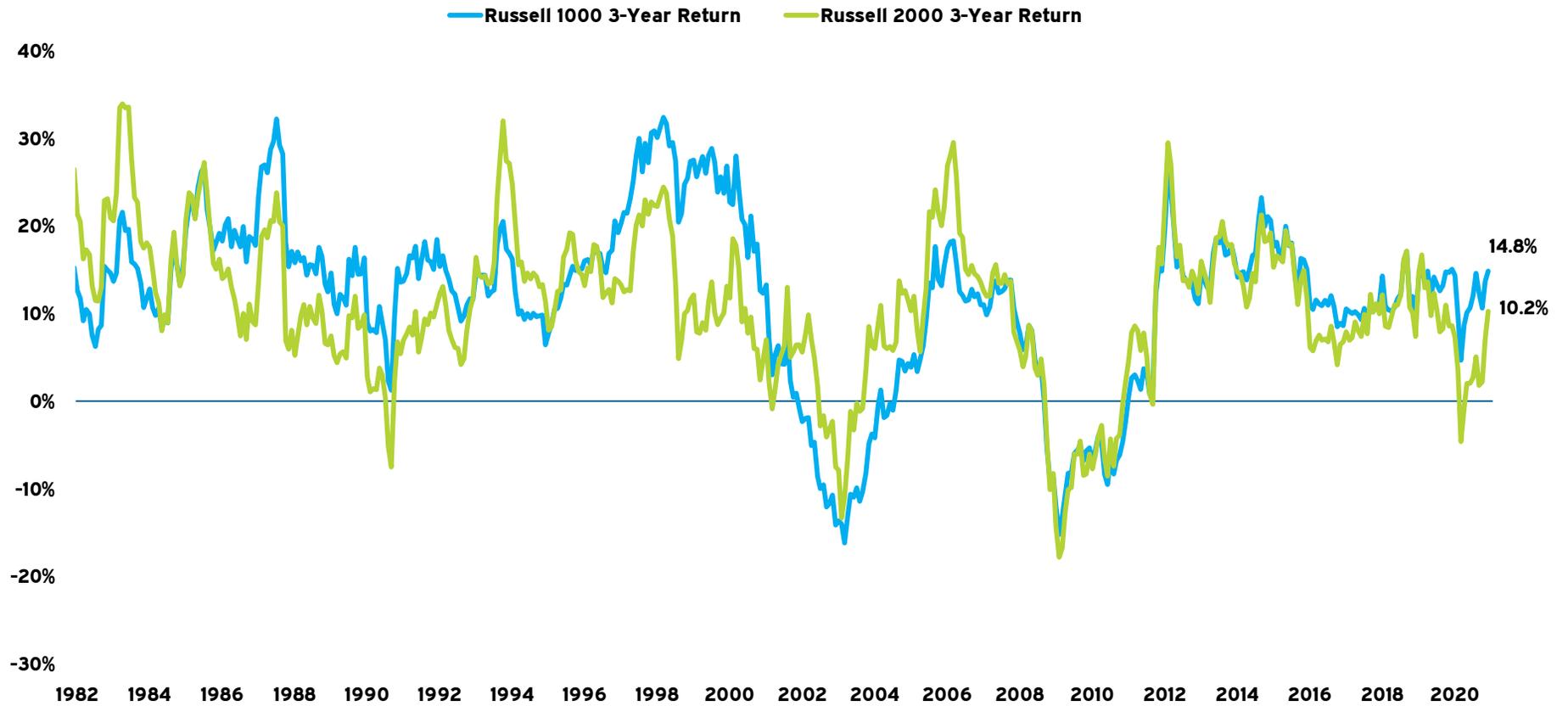
¹ Source: InvestorForce. Represents S&P 1500 (All Cap) data.

Growth and Value Rolling Three Year Returns¹



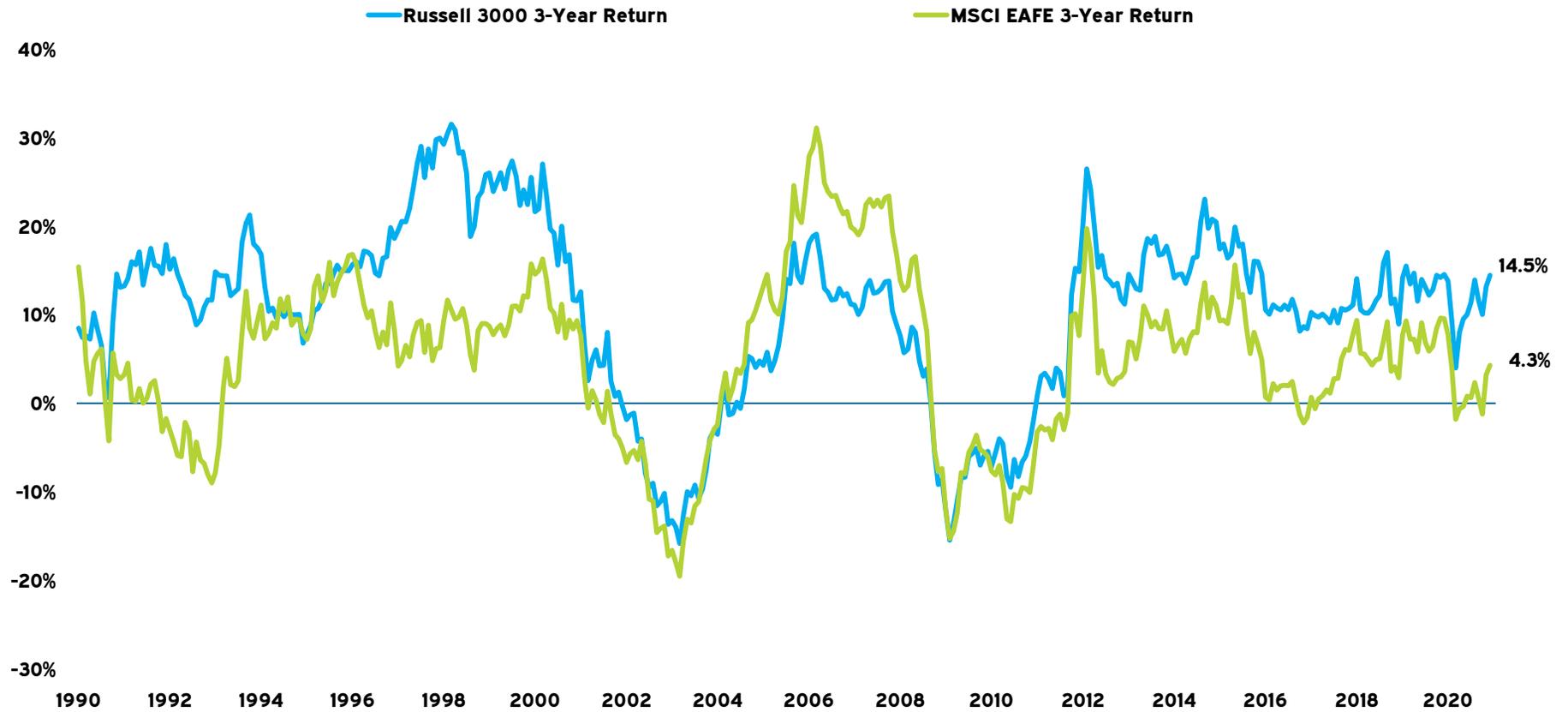
¹ Source: InvestorForce.

Large Cap (Russell 1000) and Small Cap (Russell 2000) Rolling Three Year Returns¹



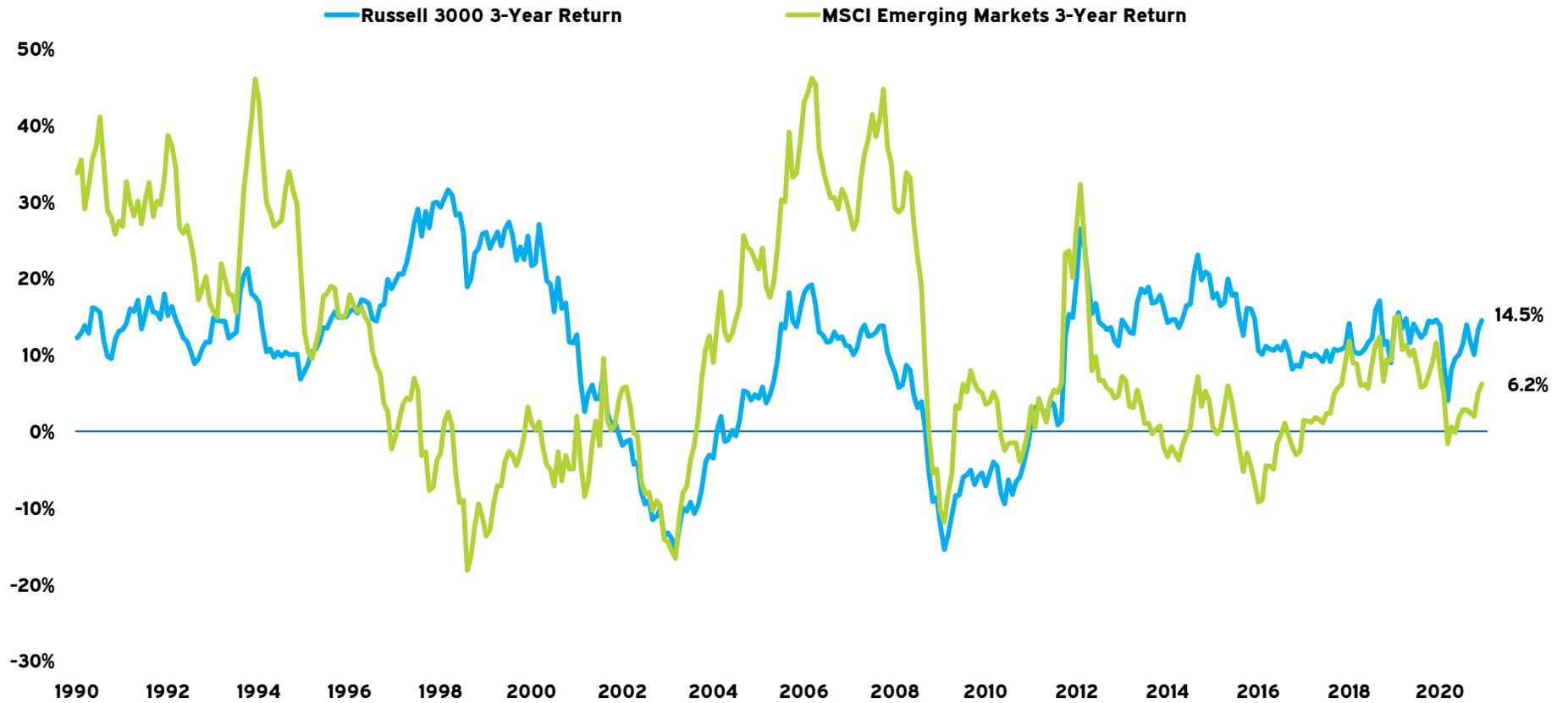
¹ Source: InvestorForce.

US and Developed Market Foreign Equity Rolling Three-Year Returns¹



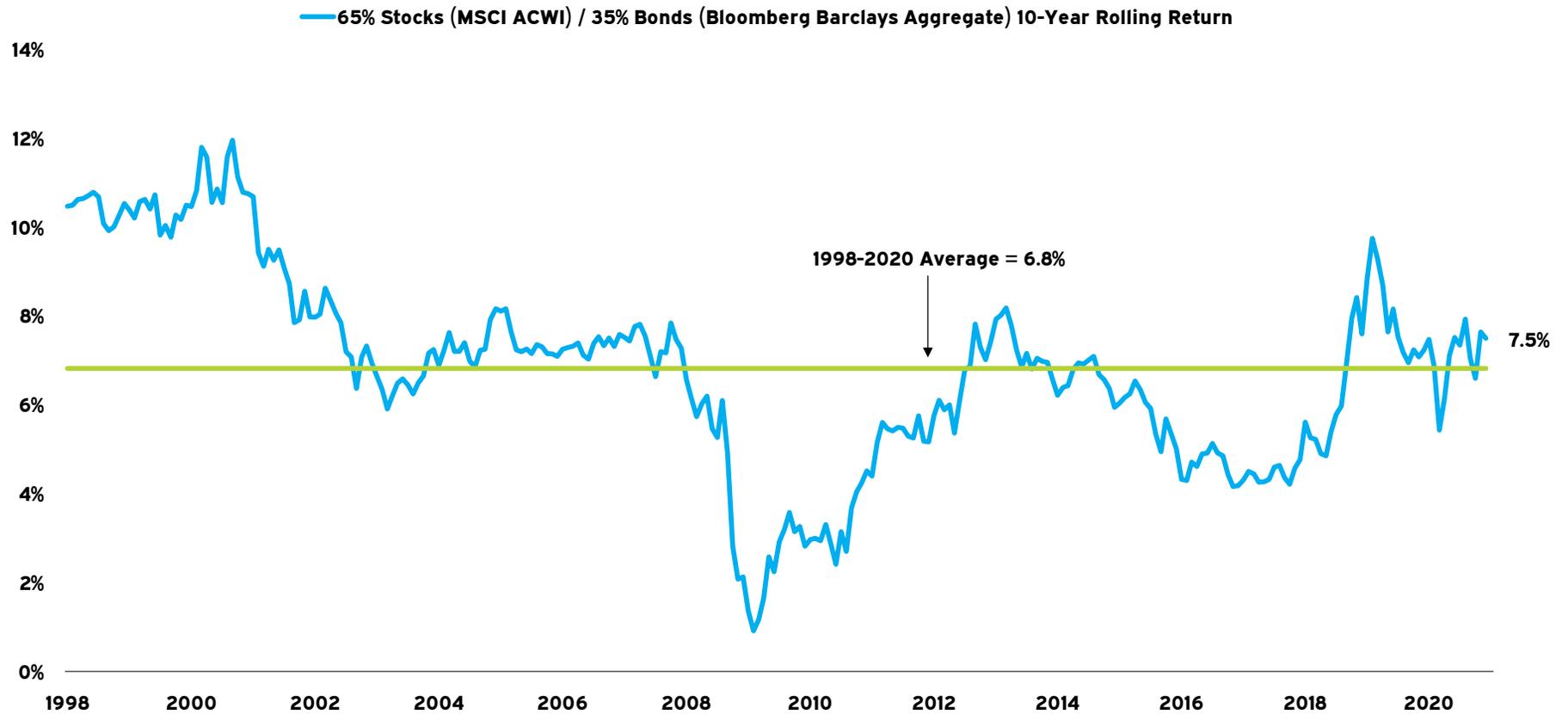
¹ Source: InvestorForce.

US and Emerging Market Equity Rolling Three-Year Returns¹



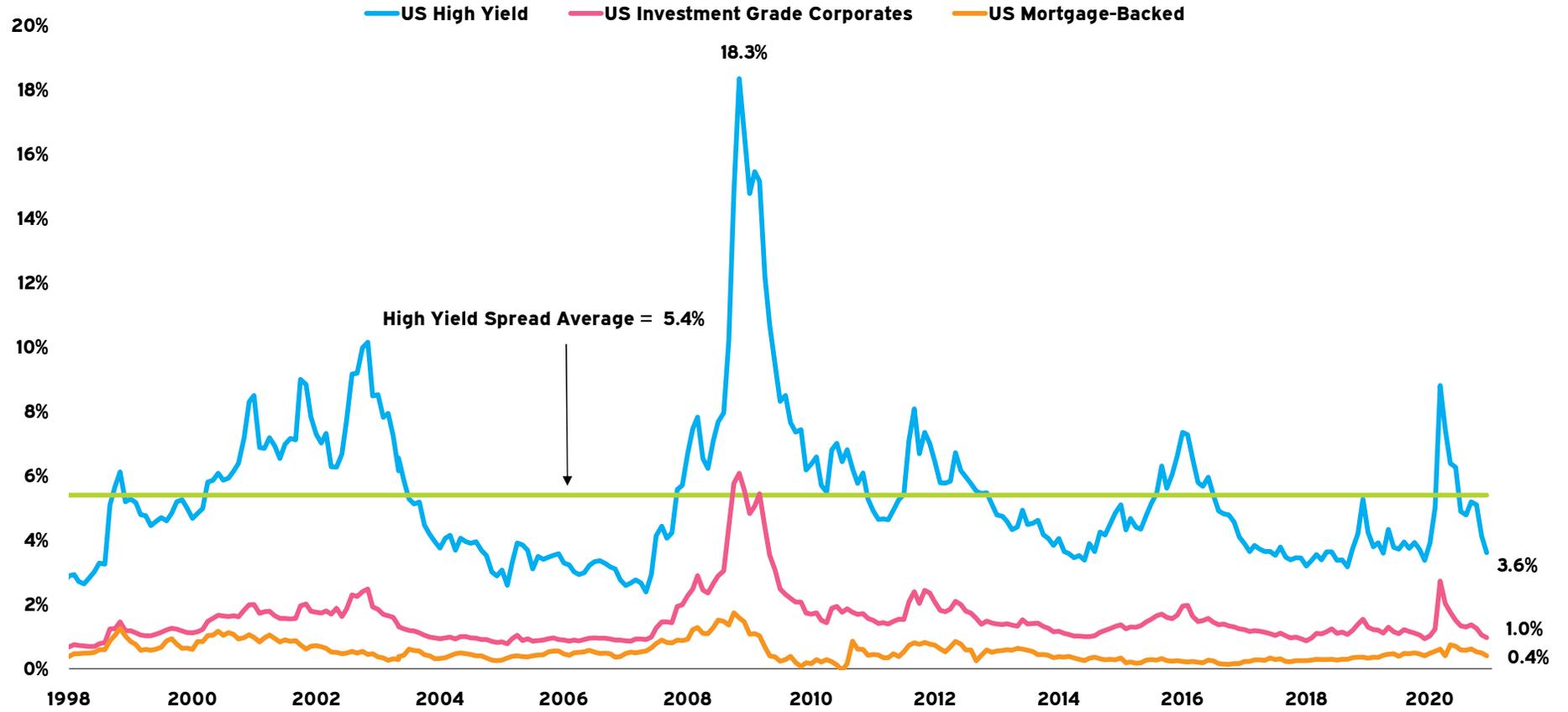
¹ Source: InvestorForce.

Rolling Ten-Year Returns: 65% Stocks and 35% Bonds¹



¹ Source: InvestorForce.

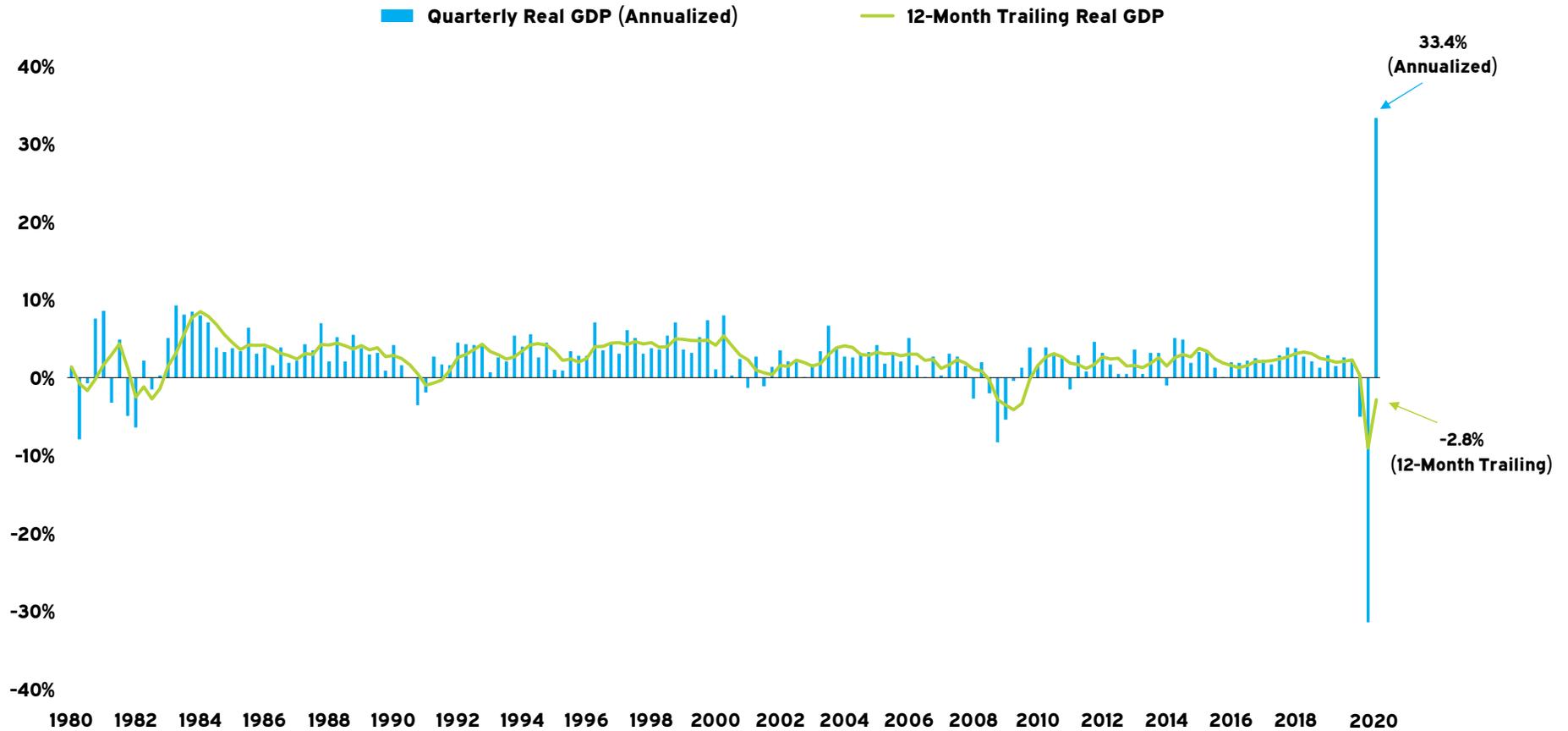
Credit Spreads vs. US Treasury Bonds^{1,2}



¹ Source: Barclays Live. Data represents the OAS.

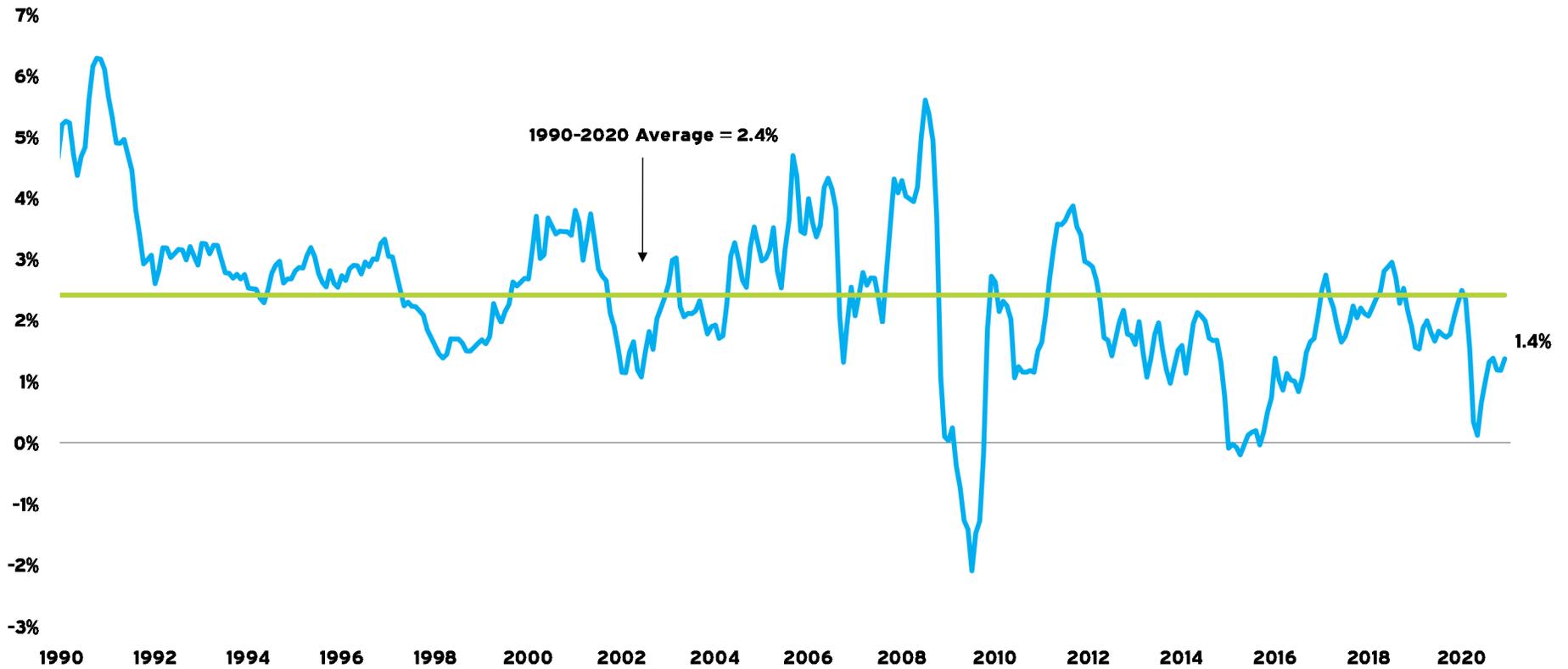
² The median high yield spread was 4.8% from 1997-2020.

US Real Gross Domestic Product (GDP) Growth¹



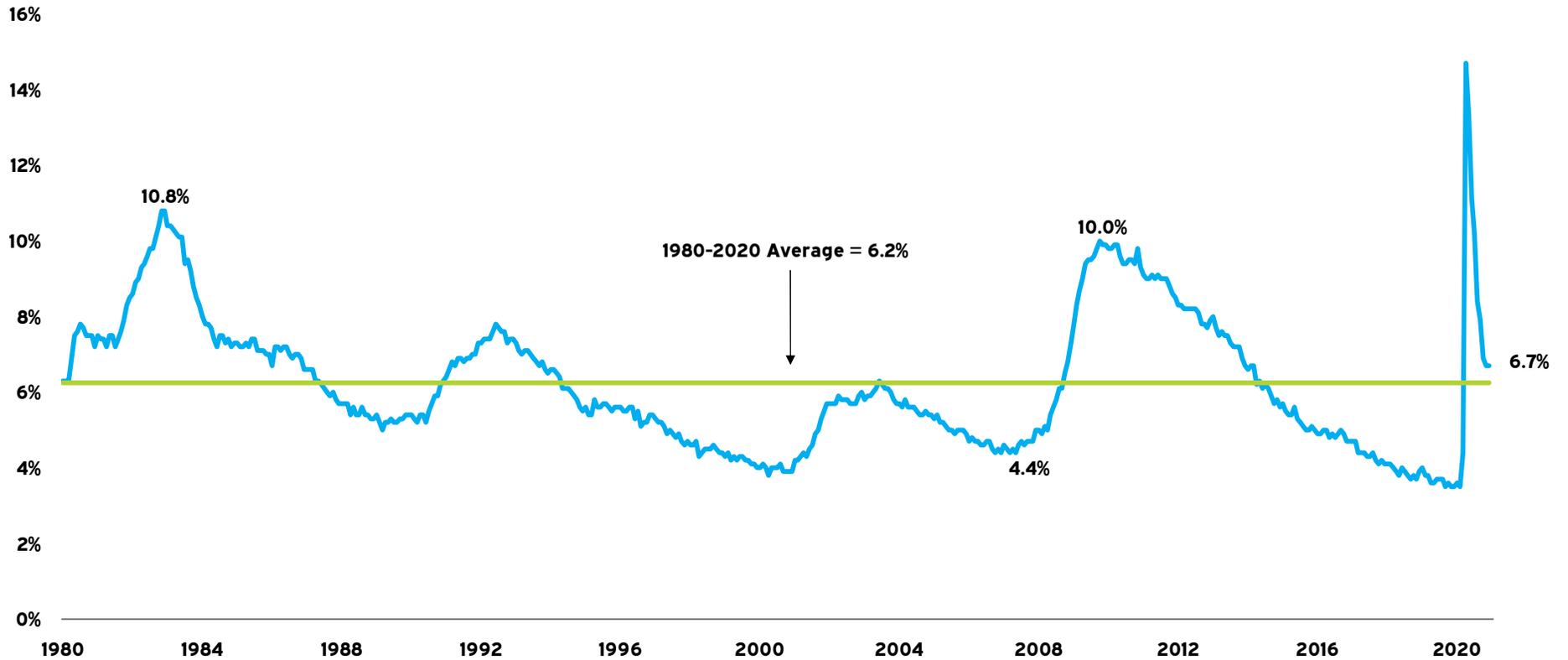
¹ Source: Bureau of Economic Analysis. Data is as of Q3 2020 and represents the third estimate.

US Inflation (CPI) Trailing Twelve Months¹



¹ Source: Bureau of Labor Statistics. Data is non-seasonally adjusted CPI, which may be volatile in the short-term. Data is as of December 31, 2020.

US Unemployment¹



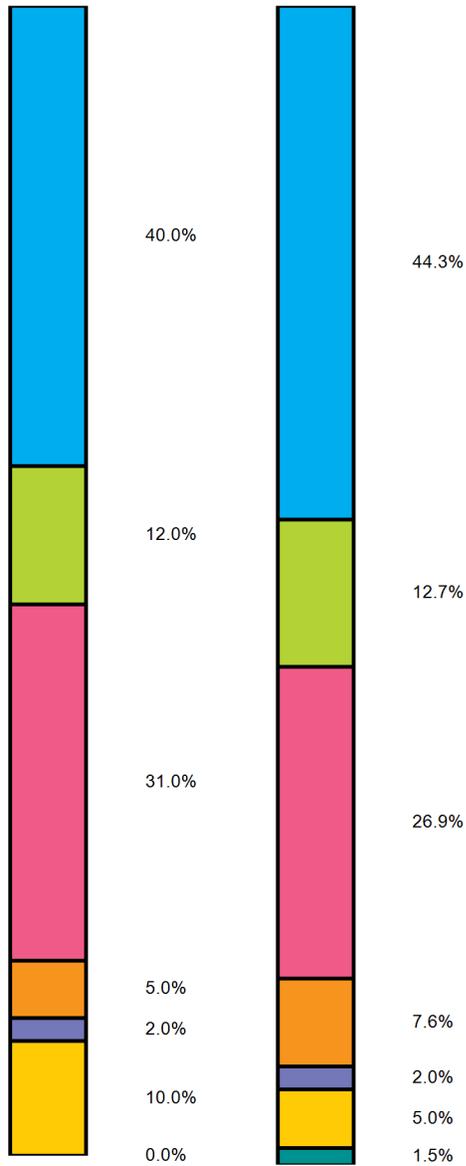
¹ Source: Bureau of Labor Statistics. Data is as of December 31, 2020.

Oakland Police and Fire Retirement System

January 27, 2021

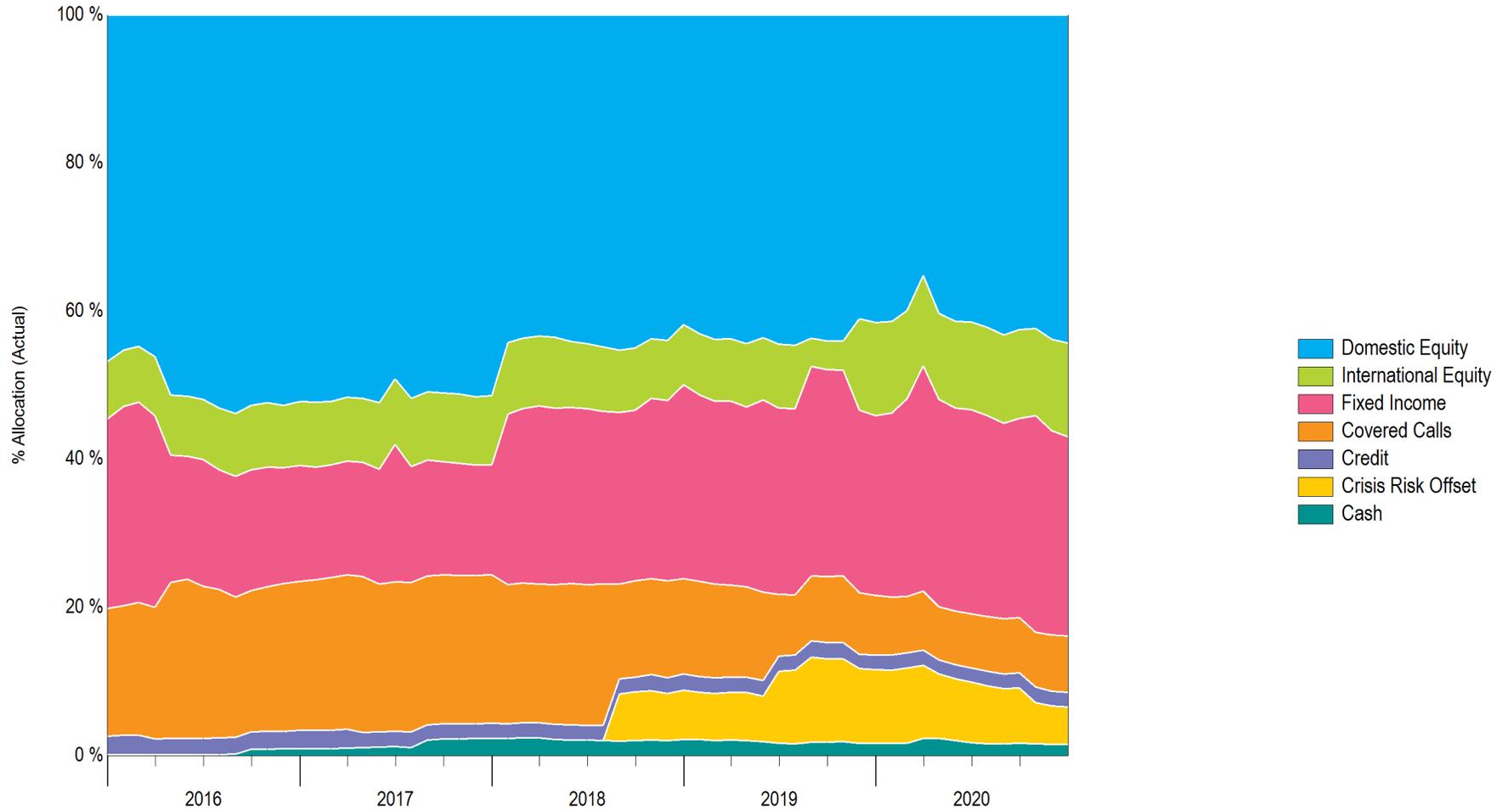
December Flash Report

OPFRS Total Plan As of December 31, 2020



Allocation vs. Targets and Policy						
	Current Balance	Current Allocation	Policy	Difference	Within IPS Range?	
Domestic Equity	\$192,333,913	44.3%	40.0%	4.3%	Yes	
International Equity	\$54,992,062	12.7%	12.0%	0.7%	Yes	
Fixed Income	\$116,895,373	26.9%	31.0%	-4.1%	Yes	
Covered Calls	\$32,961,805	7.6%	5.0%	2.6%	Yes	
Credit	\$8,617,686	2.0%	2.0%	0.0%	Yes	
Crisis Risk Offset	\$21,831,176	5.0%	10.0%	-5.0%	Yes	
Cash	\$6,474,682	1.5%	0.0%	1.5%	Yes	
Total	\$434,106,696	100.0%	100.0%			

Asset Allocation History
5 Years Ending December 31, 2020



Asset Class Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
OPFRS Total Plan	434,106,696	100.0	2.9	9.3	15.0	9.8	8.2	10.2	8.5	7.0	Dec-88
<i>OPFRS Policy Benchmark</i>			<i>2.7</i>	<i>8.1</i>	<i>13.6</i>	<i>11.7</i>	<i>8.3</i>	<i>10.1</i>	<i>8.1</i>	<i>8.4</i>	<i>Dec-88</i>
Domestic Equity	192,333,913	44.3	4.5	15.2	24.7	18.3	13.1	14.8	13.5	9.2	Jun-97
<i>Russell 3000 (Blend)</i>			<i>4.5</i>	<i>14.7</i>	<i>25.2</i>	<i>20.9</i>	<i>14.5</i>	<i>15.4</i>	<i>13.8</i>	<i>9.4</i>	<i>Jun-97</i>
International Equity	54,992,062	12.7	5.0	14.9	21.2	7.2	5.0	9.2	5.9	5.7	Jan-98
<i>MSCI ACWI ex US (Blend)</i>			<i>5.4</i>	<i>17.1</i>	<i>24.5</i>	<i>11.1</i>	<i>5.4</i>	<i>9.4</i>	<i>5.4</i>	<i>5.9</i>	<i>Jan-98</i>
Fixed Income	116,895,373	26.9	0.4	1.4	3.3	8.0	5.8	5.4	4.4	5.6	Dec-93
<i>Blmbg BC Universal (Blend)</i>			<i>0.3</i>	<i>1.3</i>	<i>2.3</i>	<i>7.6</i>	<i>5.5</i>	<i>4.9</i>	<i>4.2</i>	<i>5.4</i>	<i>Dec-93</i>
Credit	8,617,686	2.0	2.6	7.3	15.6	7.9	4.5	8.2	--	6.0	Feb-15
<i>BBgBarc US High Yield TR</i>			<i>1.9</i>	<i>6.5</i>	<i>11.3</i>	<i>7.1</i>	<i>6.2</i>	<i>8.6</i>	<i>6.8</i>	<i>6.3</i>	<i>Feb-15</i>
Covered Calls	32,961,805	7.6	3.3	10.3	18.1	11.4	9.1	10.6	--	9.3	Apr-14
<i>CBOE S&P 500 BuyWrite USD</i>			<i>1.8</i>	<i>1.4</i>	<i>8.0</i>	<i>-8.3</i>	<i>0.6</i>	<i>4.3</i>	<i>5.6</i>	<i>4.4</i>	<i>Apr-14</i>
Crisis Risk Offset	21,831,176	5.0	-1.2	-2.8	-4.0	-23.4	-7.1	--	--	-8.7	Aug-18
<i>SG Multi Alternative Risk Premia Index</i>			<i>0.8</i>	<i>-2.0</i>	<i>-2.6</i>	<i>-14.8</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-5.7</i>	<i>Aug-18</i>
Cash	6,474,682	1.5	0.0	0.0	0.0	1.1	1.8	1.4	--	0.7	Mar-11
<i>FTSE T-Bill 3 Months TR</i>			<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.6</i>	<i>1.6</i>	<i>1.2</i>	<i>0.6</i>	<i>0.6</i>	<i>Mar-11</i>

OPFRS Total Plan As of December 31, 2020

Trailing Net Performance												
	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
OPFRS Total Plan	434,106,696	100.0	--	2.9	9.3	15.0	9.8	8.2	10.2	8.5	7.0	Dec-88
<i>OPFRS Policy Benchmark</i>				<i>2.7</i>	<i>8.1</i>	<i>13.6</i>	<i>11.7</i>	<i>8.3</i>	<i>10.1</i>	<i>8.1</i>	<i>8.4</i>	<i>Dec-88</i>
Domestic Equity	192,333,913	44.3	44.3	4.5	15.2	24.7	18.3	13.1	14.8	13.5	9.2	Jun-97
<i>Russell 3000 (Blend)</i>				<i>4.5</i>	<i>14.7</i>	<i>25.2</i>	<i>20.9</i>	<i>14.5</i>	<i>15.4</i>	<i>13.8</i>	<i>9.4</i>	<i>Jun-97</i>
Northern Trust Russell 1000	107,771,639	24.8	56.0	4.2	13.7	24.4	20.8	14.8	15.5	14.0	14.9	Jun-10
<i>Russell 1000</i>				<i>4.2</i>	<i>13.7</i>	<i>24.5</i>	<i>21.0</i>	<i>14.8</i>	<i>15.6</i>	<i>14.0</i>	<i>14.9</i>	<i>Jun-10</i>
EARNEST Partners	40,963,567	9.4	21.3	5.0	18.2	28.2	21.2	14.9	17.3	14.2	10.9	Apr-06
<i>Russell MidCap</i>				<i>4.7</i>	<i>19.9</i>	<i>28.9</i>	<i>17.1</i>	<i>11.6</i>	<i>13.4</i>	<i>12.4</i>	<i>9.4</i>	<i>Apr-06</i>
Vanguard Russell 2000 Value	8,909,214	2.1	4.6	8.0	33.4	37.0	5.0	--	--	--	9.3	Aug-19
<i>Russell 2000 Value</i>				<i>7.9</i>	<i>33.4</i>	<i>36.8</i>	<i>4.6</i>	<i>3.7</i>	<i>9.7</i>	<i>8.7</i>	<i>8.8</i>	<i>Aug-19</i>
Rice Hall James	15,003,227	3.5	7.8	6.1	21.0	27.9	24.7	11.5	--	--	13.6	Jul-17
<i>Russell 2000 Growth</i>				<i>9.3</i>	<i>29.6</i>	<i>38.9</i>	<i>34.6</i>	<i>16.2</i>	<i>16.4</i>	<i>13.5</i>	<i>17.2</i>	<i>Jul-17</i>
iShares Edge MSCI Min Vol	19,686,265	4.5	10.2	2.3	7.0	13.0	--	--	--	--	27.5	Apr-20
<i>MSCI USA Minimum Volatility GR USD</i>				<i>2.3</i>	<i>6.9</i>	<i>13.1</i>	<i>5.8</i>	<i>11.2</i>	<i>12.6</i>	<i>13.4</i>	<i>27.6</i>	<i>Apr-20</i>
International Equity	54,992,062	12.7	12.7	5.0	14.9	21.2	7.2	5.0	9.2	5.9	5.7	Jan-98
<i>MSCI ACWI ex US (Blend)</i>				<i>5.4</i>	<i>17.1</i>	<i>24.5</i>	<i>11.1</i>	<i>5.4</i>	<i>9.4</i>	<i>5.4</i>	<i>5.9</i>	<i>Jan-98</i>
Vanguard Developed Markets ETF	16,374,309	3.8	29.8	5.6	16.5	23.5	10.0	--	--	--	16.7	Sep-19
<i>FTSE Developed All Cap Ex US TR USD</i>				<i>5.4</i>	<i>17.1</i>	<i>24.2</i>	<i>10.3</i>	<i>4.9</i>	<i>7.8</i>	<i>3.9</i>	<i>17.1</i>	<i>Sep-19</i>
SGA ACWI ex-U.S. Equity	38,257,641	8.8	69.6	4.7	14.1	20.7	7.6	--	--	--	7.6	Dec-19
<i>MSCI ACWI ex USA Gross</i>				<i>5.4</i>	<i>17.1</i>	<i>24.5</i>	<i>11.1</i>	<i>5.4</i>	<i>9.4</i>	<i>5.4</i>	<i>14.7</i>	<i>Dec-19</i>

International equity performance inclusive of residual cash in Fisher and Hansberger transition accounts.

OPFRS Total Plan As of December 31, 2020

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
Fixed Income	116,895,373	26.9	26.9	0.4	1.4	3.3	8.0	5.8	5.4	4.4	5.6	Dec-93
<i>Blmbg BC Universal (Blend)</i>				<i>0.3</i>	<i>1.3</i>	<i>2.3</i>	<i>7.6</i>	<i>5.5</i>	<i>4.9</i>	<i>4.2</i>	<i>5.4</i>	<i>Dec-93</i>
Ramirez	79,297,837	18.3	67.8	0.5	1.3	3.2	6.8	5.4	--	--	5.4	Jan-17
<i>BBgBarc US Aggregate TR</i>				<i>0.1</i>	<i>0.7</i>	<i>1.3</i>	<i>7.5</i>	<i>5.3</i>	<i>4.4</i>	<i>3.8</i>	<i>4.9</i>	<i>Jan-17</i>
Reams	29,931,453	6.9	25.6	0.3	1.8	3.8	20.2	9.7	7.2	5.6	6.2	Feb-98
<i>Blmbg BC Universal (Blend)</i>				<i>0.3</i>	<i>1.3</i>	<i>2.3</i>	<i>7.6</i>	<i>5.5</i>	<i>4.9</i>	<i>4.2</i>	<i>5.1</i>	<i>Feb-98</i>
iShares Core US Aggregate Bond ETF	7,666,040	1.8	6.6	-0.2	--	--	--	--	--	--	1.0	Nov-20
<i>BBgBarc US Aggregate TR</i>				<i>0.1</i>	<i>0.7</i>	<i>1.3</i>	<i>7.5</i>	<i>5.3</i>	<i>4.4</i>	<i>3.8</i>	<i>1.1</i>	<i>Nov-20</i>
Credit	8,617,686	2.0	2.0	2.6	7.3	15.6	7.9	4.5	8.2	--	6.0	Feb-15
<i>BBgBarc US High Yield TR</i>				<i>1.9</i>	<i>6.5</i>	<i>11.3</i>	<i>7.1</i>	<i>6.2</i>	<i>8.6</i>	<i>6.8</i>	<i>6.3</i>	<i>Feb-15</i>
DDJ Capital	8,617,686	2.0	100.0	2.6	7.3	15.6	7.9	4.5	8.2	--	6.0	Feb-15
<i>ICE BofA High Yield Master TR</i>				<i>1.9</i>	<i>6.5</i>	<i>11.5</i>	<i>6.2</i>	<i>5.9</i>	<i>8.4</i>	<i>6.6</i>	<i>6.1</i>	<i>Feb-15</i>
Covered Calls	32,961,805	7.6	7.6	3.3	10.3	18.1	11.4	9.1	10.6	--	9.3	Apr-14
<i>CBOE S&P 500 BuyWrite USD</i>				<i>1.8</i>	<i>1.4</i>	<i>8.0</i>	<i>-8.3</i>	<i>0.6</i>	<i>4.3</i>	<i>5.6</i>	<i>4.4</i>	<i>Apr-14</i>
Parametric BXM	14,794,038	3.4	44.9	2.9	8.0	14.8	6.0	5.9	7.9	--	7.2	Apr-14
<i>CBOE S&P 500 BuyWrite USD</i>				<i>1.8</i>	<i>1.4</i>	<i>8.0</i>	<i>-8.3</i>	<i>0.6</i>	<i>4.3</i>	<i>5.6</i>	<i>4.4</i>	<i>Apr-14</i>
Parametric DeltaShift	18,167,767	4.2	55.1	3.6	12.1	20.9	16.4	12.1	13.1	--	11.7	Apr-14
<i>CBOE S&P 500 BuyWrite USD</i>				<i>1.8</i>	<i>1.4</i>	<i>8.0</i>	<i>-8.3</i>	<i>0.6</i>	<i>4.3</i>	<i>5.6</i>	<i>4.4</i>	<i>Apr-14</i>
Crisis Risk Offset	21,831,176	5.0	5.0	-1.2	-2.8	-4.0	-23.4	-7.1	--	--	-8.7	Aug-18
<i>SG Multi Alternative Risk Premia Index</i>				<i>0.8</i>	<i>-2.0</i>	<i>-2.6</i>	<i>-14.8</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-5.7</i>	<i>Aug-18</i>
Vanguard Long-Term Treasury ETF	21,831,176	5.0	100.0	-1.2	-3.0	-3.0	17.4	--	--	--	13.8	Jul-19
<i>BBgBarc US Govt Long TR</i>				<i>-1.2</i>	<i>-3.0</i>	<i>-2.8</i>	<i>17.6</i>	<i>9.8</i>	<i>7.8</i>	<i>7.7</i>	<i>13.9</i>	<i>Jul-19</i>
Cash	6,474,682	1.5	1.5	0.0	0.0	0.0	1.1	1.8	1.4	--	0.7	Mar-11
<i>FTSE T-Bill 3 Months TR</i>				<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.6</i>	<i>1.6</i>	<i>1.2</i>	<i>0.6</i>	<i>0.6</i>	<i>Mar-11</i>
Cash	312,682	0.1	4.8	0.0	0.7	1.0	2.2	2.2	1.7	--	0.8	Mar-11
<i>FTSE T-Bill 3 Months TR</i>				<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.6</i>	<i>1.6</i>	<i>1.2</i>	<i>0.6</i>	<i>0.6</i>	<i>Mar-11</i>
Cash - Treasury	6,162,000	1.4	95.2									

OPFRS Total Plan As of December 31, 2020

Cash Flow Summary

Month to Date

	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	\$261,455	\$51,198	\$29	\$312,682
Cash - Treasury	\$6,012,000	\$150,000	\$0	\$6,162,000
DDJ Capital	\$8,402,232	\$0	\$215,454	\$8,617,686
EARNEST Partners	\$39,020,526	\$0	\$1,943,040	\$40,963,567
Fisher Transition	\$68,597	\$0	\$1,581	\$70,178
Hansberger Transition	\$260,178	\$0	\$29,756	\$289,935
iShares Core US Aggregate Bond ETF	\$7,680,958	\$0	-\$14,918	\$7,666,040
iShares Edge MSCI Min Vol	\$19,250,177	\$0	\$436,088	\$19,686,265
Northern Trust Russell 1000	\$104,407,800	-\$1,000,000	\$4,363,838	\$107,771,639
Parametric BXM	\$14,379,701	\$0	\$414,337	\$14,794,038
Parametric DeltaShift	\$17,528,333	\$0	\$639,434	\$18,167,767
Ramirez	\$78,910,300	\$0	\$387,537	\$79,297,837
Reams	\$29,834,810	\$0	\$96,643	\$29,931,453
Reams Low Duration	\$44	\$0	\$0	\$44
Rice Hall James	\$14,141,466	\$0	\$861,761	\$15,003,227
Securities Lending Northern Trust	\$0	-\$8,716	\$8,716	\$0
SGA ACWI ex-U.S. Equity	\$36,544,410	\$0	\$1,713,230	\$38,257,641
Vanguard Developed Markets ETF	\$15,525,500	\$0	\$848,809	\$16,374,309
Vanguard Long-Term Treasury ETF	\$22,126,458	\$0	-\$295,282	\$21,831,176
Vanguard Russell 2000 Value	\$8,269,525	\$0	\$639,689	\$8,909,214
Total	\$422,624,471	-\$807,518	\$12,289,743	\$434,106,696

Benchmark History
As of December 31, 2020

Total Plan x Securities Lending x Reams LD Exception Comp

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

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.

MEMORANDUM

TO: Oakland Police and Fire Retirement System (OPFRS)
FROM: David Sancewich, Paola Nealon, Sidney Kawanguzi - Meketa Investment Group
DATE: January 27, 2021
RE: Crisis Risk Offset Class Component Review and Recommendation

Summary and Recommendation

The Crisis Risk Offset strategic class is structured to contain an allocation to three separate strategies; Long Duration, Systematic Trend Following, and Alternative Risk Premia. These strategies are expected to each play a different and complimentary role (summarized below) and be held in roughly equal parts.

- **Long Duration**

Long Duration strategies involve investing in US Treasury securities which have longer maturities (typically >10-years). The role of Long Duration is to be a first responder during periods of economic/market stress. Long Duration is expected to benefit from flight-to-quality behavior during these periods.

- **Systematic Trend Following**

Systematic Trend Following strategies involve investing in markets that have been rising and shorting markets that have been falling, expecting that those trends continue. Systematic Trend Following strategies' role within the overall CRO strategic class is to exploit longer-run downturns during market crises and act as a second responder.

- **Alternative Risk Premia**

Alternative Risk Premia strategies use transparent rules in liquid markets across various asset groups (equities, fixed income, currencies, and commodities) by investing long and short in securities and markets in a market-neutral fashion, to isolate returns from alternative risk premiums (such as value, carry, momentum, and low-volatility). The role of Alternative Risk Premia strategies is to produce returns that are uncorrelated to the other CRO strategic class components and the total OPFRS portfolio.

The original implementation used by OPFRS combined the allocation to Systematic Trend Following and Alternative Risk Premia by allocating to one manager (Parametric) which had a significant allocation to both strategies. At the September 30, 2020 PFRS board meeting, Meketa discussed with the trustees the pending October closure of the Parametric Systematic Alternative Risk Premia strategy which allocated across both Alternative Risk Premia and Systematic Trend Following.

As a result, Parametric returned 100% of OPFRS capital. On an interim basis, the capital was moved into 50% BB Aggregate ETF within the Fixed Income strategic class and 50% to Long Duration. In considering replacements for the Systematic Trend Following and Alternative Risk Premia components, Meketa believes that OPFRS should fund two separate strategies (one for each component) as opposed to one combined strategy. The main considerations for this belief are highlighted below:

- The material size of the allocation to Systematic Trend Following within the Parametric strategy was somewhat unique as most other strategies which include both components allocate 20% or less to the strategy.
- An allocation of 20% or less to Systematic Trend Following within a combined solution significantly reduces the potential benefit of the strategy in contributing to the overall goals of the CRO strategic class. A combined strategy would allow for an estimated 6.7% allocation ($20\% * 1/3^{rd}$) to Systematic Trend Following versus a likely 33.3% allocation if all Crisis Risk Offset strategic class components were given roughly equal weights.
- The universe of Alternative Risk Premia strategies has evolved significantly over the last 3-years to include a more high quality offerings which exclude allocations to Systematic Trend Following.

Given the items highlighted above, **Meketa recommends that OPFRS identify separate strategies to fill the roles of Alternative Risk Premia and Systematic Trend Following.** An allocation to two separate strategies would replace the original allocation to Parametric.

In considering next steps for identifying managers to fill each of the two roles, **Meketa recommends OPFRS direct Meketa to create a short-list of candidates for further consideration.** Meketa most recently conducted a full RFI process for each strategy in 2019 and is intimately familiar with the investment managers and offerings for both strategies. Should OPFRS move forward with this recommendation, we would anticipate presenting the short-list of managers for consideration at the next meeting with interviews scheduled at the subsequent meeting.

If you have any further questions please feel free to call us at (503) 226-1050.

DS, PN, SK, pq

MEMORANDUM

TO: Oakland Police and Fire Retirement System (OPFRS)
FROM: David Sancewich, Paola Nealon, Sidney Kawanguzi – Meketa Inv. Group
DATE: January 19, 2021
RE: Diversity Representation Survey of Managers

The purpose of this memo is to provide the System with data collected by surveying asset managers regarding their diversity representation as of December 31, 2020. The System requested that Meketa Investment Group collect this information at the December 10, 2020 Board meeting as part of the discussion on minority representation at a specific manager, and as a recurring annual exercise.

Minority representation data for 7 managers and Meketa are displayed in the tables that follow.

Percentage of Board of Directors/ Managing Members

Race and Ethnicity ¹	DDJ ²	Earnest Partners	Northern Trust	Meketa	Parametric ³	Ramirez	REAMS	Rice Hall James
African American/Black	0%	18%	5%	3%	0%	0%	0%	0%
Asian/Hawaiian/Pacific Islander	0%	27%	9%	7%	10%	0%	0%	17%
Latino/Hispanic	0%	0%	5%	5%	0%	50%	0%	0%
White	100%	55%	80%	85%	80%	50%	100%	83%
American Indian/Alaska Native	0%	0%	0%	0%	0%	0%	0%	0%
Other	0%	0%	1%	0%	10%	0%	0%	0%
Gender								
Male	80%	63%	64%	67%	80%	100%	100%	66%
Female	20%	37%	36%	33%	20%	0%	0%	34%
Non-Identified/Other	0%	0%	0%	0%	0%	0%	0%	0%

¹ Racial/ Ethnic categories throughout this document are as defined by EEOC guidance

² DDJ does not maintain a Board of Directors. DDJ has included (1) the members of DDJ's management operating committee, and (2) the members of DDJ's five-person investment review committee.

³ Parametric does not have a Board of Directors. Data presented is for the firm's Executive Committee ("EC").



Percentage of Firm (Entire Staff)

Race and Ethnicity	DDJ	Earnest Partners	Northern Trust	Meketa	Parametric	Ramirez	REAMS	Rice Hall James
African American/Black	2%	23%	9%	6%	2%	9%	0%	3%
Asian/Hawaiian/Pacific Islander	4%	20%	8%	9%	17%	17%	3%	10%
Latino/Hispanic	2%	0%	7%	7%	3%	17%	0%	3%
White	91%	58%	72%	76%	73%	57%	97%	84%
American Indian/Alaska Native	0%	0%	0%	0%	0%	0%	0%	0%
Other	2%	0%	2%	2%	5%	0%	0%	0%
Gender								
Male	63%	73%	62%	56%	66%	74%	53%	62%
Female	37%	27%	38%	44%	34%	26%	47%	38%
Non-Identified/Other	0%	0%	0%	0%	0%	0%	0%	0%

Percentage of Firm (Investment Professionals)

Race and Ethnicity*	DDJ	Earnest Partners	Northern Trust	Meketa	Parametric	Ramirez	REAMS	Rice Hall James
African American/Black	0%	20%	9%	4%	2%	13%	0%	0%
Asian/Hawaiian/Pacific Islander	6%	20%	10%	11%	17%	38%	0%	6%
Latino/Hispanic	6%	0%	6%	7%	1%	13%	0%	0%
White	89%	60%	74%	75%	74%	38%	100%	94%
American Indian/Alaska Native	0%	0%	0%	0%	1%	0%	0%	0%
Other	0%	0%	3%	2%	5%	0%	0%	0%
Gender								
Male	89%	70%	69%	69%	82%	63%	100%	78%
Female	11%	30%	31%	31%	18%	38%	0%	22%
Non-Identified/Other	0%	0%	0%	0%	0%	0%	0%	0%

DS, PN, SK, pq



AGENDA REPORT

TO: Oakland Police and Fire Retirement Board
FROM: David F. Jones

SUBJECT: Emergency procedures for terminating or limiting trading discretion of PFRS investment managers to protect PFRS fund assets
DATE: January 21, 2021

SUMMARY

At the October 30, 2019 PFRS Board Meeting, Plan Administrator David Jones recommended the PFRS Board discuss considerations regarding the establishment of emergency procedures for terminating or limiting trading discretion of PFRS investment managers to protect PFRS fund assets. Staff presented excerpts of Emergency Procedures language used by other pension systems.

At the September 30, 2020 PFRS Board Meeting, staff was directed to work with the PFRS Investment Consultant (Meketa) and the Investment Committee Chair to provide the PFRS Board proposed Emergency Procedures for the System.

At the October 28, 2020 PFRS Board Meeting, staff was directed to work with PFRS Legal Counsel to refine the language of the proposed Emergency Procedures for the System to identify specific scenarios to further define what constitutes an emergency and put in place procedures to determine what actions can be taken to remedy a financial emergency in order. Staff was directed to bring a final version to present as an actionable item at a subsequent meeting. **ATTACHMENT 1** shows the proposed Emergency Procedures for PFRS.

RECOMMENDATION

Staff recommends that the Board review the attached proposed Emergency Procedures and approve for further action. Upon approval, staff recommends that these procedures be added to the existing PFRS Investment Policy.

Respectfully submitted,

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

Attachment (1):
Proposed Emergency Procedures Policy to Terminate/Limit Investment Managers

Agenda Item D8
PFRS Board Meeting
January 27, 2021

ATTACHMENT 1

**Proposed
Emergency Procedures Policy
To
Terminate/Limit Investment Managers**

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM POLICIES AND PROCEDURES FOR EMERGENCY TERMINATION OR LIMITATION OF INVESTMENT MANAGER POWERS AND AUTHORITY

The Police and Fire Retirement System (“PFRS”) was established in 1951 by Article XXVI of the Charter of the City of Oakland (“Charter”), and is a closed City of Oakland-operated retirement system for retirees of the Oakland Police and Fire Departments. Section 2601 of the Charter creates the Police and Fire Retirement System Board (“Board”), authorizes the Board to make all necessary rules and regulations for its guidance, and provides that the Board shall have exclusive control of the administration and investment of the PFRS fund. The PFRS Board has determined that it is necessary to establish a policy and procedures for the emergency termination or limitation of the powers and authority of PFRS investment managers in situations where immediate action is necessary to protect PFRS assets and the Board is unable to convene an emergency meeting. Accordingly, the PFRS Board has promulgated these Policies and Procedures for emergency termination or limitation of investment manager powers and authority pursuant to its authority under Section 2601 of the Charter.

1. EMERGENCY DEFINED

The emergency procedures for terminating or limiting the powers and authority of a PFRS investment manager set forth below shall be utilized *only* in the following emergency situations:

- a. War, terrorist attack or natural disaster that disrupts a PFRS investment manager’s ability manage PFRS assets;
- b. Verified reports of misconduct or fraud by an PFRS investment management firm, its officers or employees;
- c. Mass departure of critical investment personnel from a PFRS investment management firm;
- d. Sudden closure of a fund in which PFRS assets are invested;
- e. Sudden shutdown or closure of an PFRS investment management firm; and
- f. Threatened litigation

2. EMERGENCY ACTION TEAM

Any action taken pursuant to these emergency policies and procedures shall *only* be taken by unanimous or majority vote of the Emergency Action Team. The Emergency Action Team shall include:

- a. the PFRS Plan Administrator or the PFRS Investment Operations Manager;
- b. at least two of the following PFRS Board members: PFRS Board President, Chair of the PFRS Investment Committee or Chair of the PFRS Audit Committee; and
- c. PFRS Investment Consultant who is currently under contract with PFRS to provide investment advice to the PFRS Board.

The Emergency Action Team shall be authorized to consult PFRS counsel as necessary prior to taking any action to terminate or limit the power or authority of a PFRS investment manager pursuant to these emergency policies and procedures.

3. EMERGENCY ACTION TEAM AUTHORITY

The Emergency Action Team shall be authorized to take the following actions in the above-defined emergency situations:

- a. Terminate a PFRS investment managers trading and investment authority for a limited time period not to exceed two weeks; or

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICIES AND PROCEDURES FOR EMERGENCY TERMINATION OR LIMITATION
OF INVESTMENT MANAGER POWERS AND AUTHORITY**

- b. Terminate a PFRS Investment manager, hold the asset(s) or liquidate the fund and purchase an Exchange Traded Fund (ETF). This action shall be taken *only as a last resort* and in circumstances where the Emergency Action Team has determined that the temporary termination of an investment managers trading and investment authority will not be sufficient to protect PFRS assets until an emergency meeting of the PFRS Board can be convened.

4. EMERGENCY ACTION PROCEDURES

Prior to taking the emergency actions authorized in subsection 3 above, the Emergency Action Team shall take the following steps:

- a. Meet to discuss the triggering event and the action that should be taken to protect PFRS assets. The Emergency Action Team shall not be required to meet in person to satisfy this step; a telephone conference or other virtual meeting will suffice as long as four (4) members of the Emergency Action Team, including two of the designated Board members and PFRS Investment Consultant, are present during the meeting.
- b. Vote on the action to be taken to protect PFRS assets. The identity of each voting member and his or her vote shall be recorded in writing contemporaneously with the vote so that the vote can be reported to the PFRS Board at its next meeting.
- c. Report the action taken, the basis for taking said action and the names of the Emergency Action Team members that voted for and against taking said action to the PFRS Board **at the next board meeting.**

The Oakland Police and Fire Retirement System Policies and Procedures for Emergency Termination or Limitation of Investment Manager Powers and Authority have been approved by vote of the Oakland Police and Fire Retirement Board, effective _____.

Walter L. Johnson, Sr.
President, Oakland Police & Fire Retirement
System Board

David Jones
Plan Administrator and Secretary, Oakland Police
& Fire Retirement System Board

MEMORANDUM

TO: Oakland Police and Fire Retirement System (OPFRS)
FROM: David Sancewich, Paola Nealon, Sidney Kawanguzi – Meketa Inv. Group
DATE: January 15, 2021
RE: 2021 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 throughout the calendar year (see table below). In an attempt to coordinate the scheduling of these tasks, this memo details a Preliminary Investment Project Agenda by calendaring and prioritizing the expected tasks and deliverables that would be required to fulfill the Agenda. Meketa welcomes any suggestions and/or modifications to the proposed timeline.

2021 Preliminary Investment Project Agenda

Expected Completion Date	Task
February 2021	<ul style="list-style-type: none"> Quarterly Performance Report (4Q 2020) Defensive Equity Search Update Risk Premia Search Update Manager Update: Earnest Partners Contract Renewal: Earnest Partners
March 2021	<ul style="list-style-type: none"> Cash Flow Report (2Q 2021) Defensive Equity Search Interviews Watch Update Memo: DDJ Manager Update: DDJ Manager Update: Northern Trust R1000
April 2021	<ul style="list-style-type: none"> Flash Performance (1Q2021) Risk Premia Search Interviews Educational Item: TBD Manager Update: SGA
May 2021	<ul style="list-style-type: none"> Quarterly Performance Report (1Q 2021) Manager Update: BlackRock
June 2021	<ul style="list-style-type: none"> Cash Flow Report (3Q 2021) Educational Item: TBD Watch Update Memo: Rice Hall & James Manager Update: Rice Hall & James 2021 Asset Liability Review:

Expected Completion Date	Task
July 2021	<ul style="list-style-type: none">Flash Performance (2Q2021)Manager Update: ParametricContract Renewal: Parametric
August 2021	<ul style="list-style-type: none">Quarterly Performance Report (2Q 2021)
September 2021	<ul style="list-style-type: none">Cash Flow Report (4Q 2021)Educational Item: TBDThermal Coal List Update: 2021
October 2021	<ul style="list-style-type: none">Flash Performance (3Q2021)Manager Update: Reams
November 2021	<ul style="list-style-type: none">Quarterly Performance Report (3Q 2021)Manager Update: RamirezContract Renewal: Ramirez
December 2021	<ul style="list-style-type: none">Cash Flow Report (1Q 2022)

Bold are priority strategic items.

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

DS, PN, SK, pq

Pursuant to the Governor's Executive Order N-29-20, all members of the City Council, as well as the City Administrator, City Attorney and City Clerk will join the meeting via phone/video conference and no teleconference locations are required



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

AGENDA

RETIREMENT BOARD MEMBERS

Walter L. Johnson, Sr.
President

Jaime T. Godfrey
Vice President

Robert W. Nichelini
Member

Kevin R. Traylor
Member

John C. Speakman
Member

R. Steven Wilkinson
Member

Margaret O'Brien
Member

Oakland Police and Fire Retirement Board meetings are being held via Tele-Conference. Please see the agenda to participate in the meeting. For additional information, contact the Retirement Unit by calling (510) 238-6481.

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

Wednesday, January 27, 2021

12:00 PM

**Tele-Conference Board Meeting
via Zoom**

OBSERVE

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

PUBLIC COMMENTS

There are three ways to submit public comments.

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

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR BOARD MEETING
JANUARY 27, 2021**

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

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

--- ORDER OF BUSINESS ---

- A. Subject: Police and Fire Retirement System (“PFRS”) Board Meeting Minutes**
From: Staff of the PFRS Board
Recommendation: **APPROVE** December 10, 2020 PFRS Board Meeting Minutes.
-
- B. Subject: PFRS Actuary Valuation Report as of July 1, 2020**
From: Cheiron, Inc., PFRS Plan Actuary
Recommendation: **APPROVE** the PFRS Actuary Valuation Report as of July 1, 2020
-
- C. AUDIT & OPERATIONS COMMITTEE AGENDA – DECEMBER 10, 2020**
- C1. Subject: Administrative Expenses Report**
From: Staff of the PFRS Board
Recommendation: **APPROVE** the informational report regarding PFRS administrative expenses as of December 31, 2020.
-
- C2. Subject: Annual Report for Fiscal Year Ending June 30, 2020**
From: Staff of the PFRS Board
Recommendation: **APPROVE** printing and publication of the Annual Report of the Oakland Police and Fire retirement system for the Fiscal Year Ending June 30, 2020.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR BOARD MEETING
JANUARY 27, 2021

D. INVESTMENT & FINANCIAL MATTERS COMMITTEE AGENDA – DECEMBER 10, 2020

- D1. **Subject:** Investment Manager Performance Review – Updated Diversity Report from Parametric Portfolio Associates, LLC, a PFRS Covered Calls Asset Class Investment Manager
From: Parametric Portfolio Associates, LLC
Recommendation: **ACCEPT** updated informational report regarding the Diversity Policy of Parametric Portfolio Associates, LLC, a PFRS Covered Calls Asset Class Investment Manager.
- D2. **Subject:** Consent Form Regarding Merger of Parametric Portfolio Associates, LLC Parent Company, Eaton Vance Corp., and Morgan Stanley
From: Parametric Portfolio Associates, LLC
Recommendation: **RECEIVE** an informational report regarding merger of Parametric Portfolio Associates, LLC parent company, Eaton Vance Corp., and Morgan Stanley and **APPROVE** assignment of PFRS investment advisory agreement resulting from the change of control of Parametric.
- D3. **Subject:** Resolution No. 8006 - Resolution Authorizing a One-Year Extension of Professional Services Agreement with Parametric Portfolio Associates, LLC for Covered Calls Asset Class Investment Manager
From: Staff of the PFRS Board
Recommendation: **APPROVE** Resolution No. 8006 - Resolution Authorizing a One-Year Extension of Professional Services Agreement with Parametric Portfolio Associates, LLC for Covered Calls Asset Class Investment Manager.
- D4. **Subject:** Investment Market Overview
From: Meketa Investment Group
Recommendation: **ACCEPT** an informational report on the global investment markets as of December 31, 2020.
- D5. **Subject:** Preliminary Investment Fund Performance Update as of December 31, 2020
From: Meketa Investment Group
Recommendation: **ACCEPT** the Preliminary Investment Fund Performance update as of December 31, 2020.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
 REGULAR BOARD MEETING
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- D6. Subject:** Plan and Process for Selecting New PFRS Investment Manager to Implement the Crisis Risk Offset Investment Strategy
From: Meketa Investment Group
Recommendation: **RECEIVE** an informational report regarding possible candidates to serve as the new PFRS Investment Managers for PFRS Crisis Risk Offset Investment Strategy. **DISCUSS** and **APPROVE** the recommendation from Meketa Investment Group to identify and fund two separate strategies to fill the roles of Alternative Risk Premia and Systematic Trend Following Investment Managers. **PROVIDE BOARD DIRECTION** for Meketa to create a short-list of candidates for further consideration based on the most recent full Request For Information process for each strategy conducted by Meketa in 2019.
- D7. Subject:** Annual Diversity Report of Current PFRS Investment Managers
From: Meketa Investment Group
Recommendation: **RECEIVE** informational report regarding the diversity representation of current PFRS Investment Managers as of December 31, 2020.
- D8. Subject:** Draft Emergency Procedures for Terminating or Limiting Trading Discretion of PFRS Investment Managers to Protect PFRS Fund Assets
From: Staff of the PFRS Board
Recommendation: **RECEIVE REPORT AND RECOMMENDATIONS** regarding proposed Emergency Procedures for terminating or limiting trading discretion of PFRS Investment Managers to protect PFRS Fund Assets and **APPROVE** Emergency Procedures or other recommended course of action with regard to said procedures.
- E. Subject:** Member Resolutions No. 8009 - 8010
From: Staff of the PFRS Board
Recommendation: **APPROVE** member resolutions no. 8009 – 8010
- E1. Resolution No. 8009** | Resolution Approving Death Benefit Payments and Directing Warrants Thereunder in the Total Sum of \$1,000.00 Payable to the Beneficiary of Deceased Members Richard Cademartori and Robert L. Froines.
- E2. Resolution No. 8010** | Resolution Fixing the Monthly Allowance of Pauline J. Downum, Surviving Spouse of Dennis E. Downum, in the amount of \$3,884.38; Retired Member of the Police and Fire Retirement System.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR BOARD MEETING
JANUARY 27, 2021**

F. NEW BUSINESS

G. OPEN FORUM

H. FUTURE SCHEDULING

I. ADJOURNMENT

A SPECIAL BOARD MEETING of the Oakland Police and Fire Retirement System (“PFRS”) was held on Thursday, December 10, 2020 via Zoom Tele-Conference.

- Board Members:
- Walter L. Johnson President
 - Jaime T. Godfrey Vice President
 - Margaret O’Brien Member (Excused)
 - Robert W. Nichelini Member
 - John C. Speakman Member
 - Kevin R. Traylor Member
 - R. Steven Wilkinson Member
- Additional Attendees:
- David F. Jones PFRS Plan Administrator
 - Jennifer Logue PFRS Legal Counsel
 - Teir Jenkins PFRS Staff Member
 - Maxine Visaya PFRS Staff Member
 - David Sancewich Meketa Investment Group

The meeting was called to order at 12:07 p.m. PST

- A. PFRS Board Meeting Minutes** Vice-President Godfrey made a motion to approve the October 28, 2020 Regular Board Minutes, second by Member Nichelini. The motion passed.

[JOHNSON – Y/ GODFREY – Y/ O’BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – ABSTAIN/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: 0/ ABSTAIN: 0)

B. AUDIT AND OPERATIONS COMMITTEE AGENDA – DECEMBER 10, 2020

- B1. Report of the Audit of PFRS Financial Statements for the Year Ending June 30,2020 –** PFRS Staff Member Jenkins presented a summary of the audit report presented by Macias, Gini, & O’Connell. Mr. Jenkins noted that PFRS was issued an unmodified opinion, the highest opinion you can receive with no significant findings to report.

MOTION: Member Speakman made a motion to accept the report of the Audit of PFRS Financial Statements for the year ending June 30, 2020, second by Member Traylor. Motion passed.

[JOHNSON – Y/ GODFREY – Y/ O’BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – Y/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: 0/ ABSTAIN: 0)

- B2. Administrative Expenses Report –** Investment Officer Jenkins presented the informational report of the PFRS administrative expenditures as of October 31, 2020.

MOTION: Member Speakman made a motion to accept the administrative expenses report as of October 31, 2020, second by Member Traylor. Motion passed.

[JOHNSON – Y/ GODFREY – Y/ O’BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – Y/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: 0/ ABSTAIN: 0)

- B3. Resolution No. 8004 - Approving Request of PFRS Trustee R. Steven Wilkinson to Attend the National Association of Securities Professionals 31st Annual Virtual Pension & Financial Services Conference and for Reimbursement of Registration Expenses for said Conference**

MOTION: Member Speakman made a motion to approve Resolution No. 8004, second by Member Nichelini. Motion passed.

[JOHNSON – Y/ GODFREY – Y/ O'BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – ABSTAIN/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 5 / NOES: 0/ ABSTAIN: 1)

- B4. Resolution No. 8005 - Approving Request of PFRS Plan Administrator David F. Jones to Attend the National Association of Securities Professionals 31st Annual Virtual Pension & Financial Services Conference and for Reimbursement of Registration Expenses for said Conference** – Board was informed that this item was removed from Audit Committee agenda because Plan Administrator and Secretary to the PFRS Committees and Board, David F. Jones, was unable to attend conference due to conflict so no action is necessary.

MOTION: No action was taken on this item.

C. INVESTMENT & FINANCIAL MATTERS COMMITTEE AGENDA – DECEMBER 10, 2020

- C1. Investment Market Overview** – David Sancewich of Meketa Investment Group provided a brief summary of the informational report on the global economic factors affecting the PFRS Fund as of October 31, 2020, including the impact of the Coronavirus Pandemic on the world investment markets and the drive from the technology sector. Mr. Sancewich noted the market changed significantly in November 2020 and will provide further comments during the performance update.

MOTION: Vice President Godfrey made a motion to accept the informational report from Meketa regarding the economic factors affecting the PFRS Fund as of October 31, 2020, second by Member Speakman. Motion Passed

[JOHNSON – Y/ GODFREY – Y/ O'BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – Y/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: 0/ ABSTAIN: 0)

Vice President Godfrey requested to combined Items C2 (Investment Fund Quarterly Performance Update as of September 30, 2020) and C3 (Preliminary Investment Fund Quarterly Performance Updates as of October 31, 2020). Request approved by PFRS Legal Counsel Jennifer Logue

C2. Investment Fund Quarterly Performance Update as of September 30, 2020 – David Sancewich of Meketa Investment Group provided a brief summary of the informational report regarding the PFRS Investment Fund Quarterly Performance Update as of September 30, 2020, highlighting the Total Portfolio Summary, Index Returns, Summary of Cash Flows, Asset Class Performance, and Manager Performance. Mr. Sancewich noted this is the report provided to the City Council and as requested by the Investment Committee an updated cover page to show updated returns, that have been very strong through November 2020, will be included.

C3. Preliminary Investment Fund Performance Update as of October 31, 2020 – David Sancewich of Meketa Investment Group reported on the details of the Preliminary Investment Fund Performance Update as of October 31, 2020. Mr. Sancewich provided a verbal report highlighting market returns of 8.7% through November 30, 2020.

FIRST MOTION: Vice President Godfrey made a motion to accept the informational report from Meketa regarding the Investment Fund Quarterly Performance Update as of September 30, 2020, second by Member Speakman. Motion Passed.

[JOHNSON – Y/ GODFREY – Y/ O'BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – Y/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: 0/ ABSTAIN: 0)

SECOND MOTION: Vice President Godfrey made a motion to accept the informational report from Meketa regarding the Preliminary Investment Fund Performance Update as of October 31, 2020, second by Member Speakman. Motion Passed.

[JOHNSON – Y/ GODFREY – Y/ O'BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – Y/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: 0/ ABSTAIN: 0)

C4. \$13.9 Million Drawdown for Fiscal Year 2020/2021 (Quarter Ending March 2021) Member Allowances Jan 1, 2021 through March 30, 2021 – David Sancewich of Meketa Investment Group presented the details of the Meketa report describing the \$13.9 million drawdown of funds, which includes a \$10.9 Million contribution from the City of Oakland and a \$3.0 Million contribution from the PFRS Investment Fund, to pay for the PFRS member retirement allowances to its members for the period of January 1, 2021 through March 30, 2021.

MOTION: Vice President Godfrey made a motion to accept Meketa's recommendation of \$13.9 million drawdown of funds, which includes a \$10.9 Million contribution from the City of Oakland and a \$3.0 Million contribution from the PFRS Investment Fund, to pay the PFRS member retirement allowances for the period of January 2021 through March 2021, second by Member Nichelini. Motion passed.

[JOHNSON – Y/ GODFREY – Y/ O'BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – Y/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: 0/ ABSTAIN: 0)

- C5. Investment Manager Performance Review – Parametric Portfolio Associates, LLC, a PFRS Covered Calls Asset Class Investment Manager** – There was a request last month for information regarding the diversity of Parametric Portfolio Associates, LLC. A report was provided by Parametric and the Committee requested clarification concerning the diversity breakdown of the Board of Directors and General Partner being represented as N/A. PFRS Staff Member Jenkins reached out to Parametric and shared the response from Parametric explaining the data shared represents Parametric employee base and Parametric doesn't have a Board of Directors or General Partners because they are wholly owned by Eaton Vance. No information concerning the diversity of Eaton Vance was available at this time.

MOTION: Vice President Godfrey made a motion to move this item to the next Board Meeting pending further information concerning the diversity of Eaton Vance, second by Member Wilkinson. Motion Passed. No action was taken on this item.

[JOHNSON – Y/ GODFREY – Y/ O'BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – Y/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: 0/ ABSTAIN: 0)

- C6. Resolution No. 8006 - Resolution Authorizing a One-Year Extension of Professional Services Agreement with Parametric Portfolio Associates, LLC for Covered Calls Asset Class Investment Manager** – As a result of no action being taken on agenda item C5, Chairperson Godfrey made a motion to move this item to the next Board Meeting pending further information concerning the diversity of Eaton Vance.

MOTION: Vice President Godfrey made a motion to move this item to the next Board Meeting pending the information we receive regarding item C5, second by Member Speakman. Motion passed.

[JOHNSON – Y/ GODFREY – Y/ O'BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – Y/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: 0/ ABSTAIN: 0)

- C7. Plan and Process for Selecting New PFRS Investment Manager to Implement the Defensive Equity Investment Strategy**– David Sancewich of Meketa Investment Group provided an updated informational report regarding options to consider for selecting possible candidates to serve as the new PFRS Investment Manager to implement the PFRS Defensive Equity Investment Strategy. Meketa recommends a review of the responses of the 2018 Defensive Equity Request for Proposals, particularly the finalists, and bring them back to the Board for consideration. Meketa will send out a new questionnaire for updated information including the diversity of the firms as part of the analysis.

MOTION: Vice President Godfrey made a motion to accept Meketa's recommendation to revisit the 2018 list, update that list, and provide a diversity filter with respect to procuring the new information, second by Member Speakman. Motion passed.

[JOHNSON – Y/ GODFREY – Y/ O'BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – Y/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: 0/ ABSTAIN: 0)

- C8. Informational Report Regarding Underperformance of the Crisis Risk Offset Systematic Trend Following/Alternative Risk Premia Investment Strategy** – David Sancewich of Meketa Investment Group provided an informational report regarding the explanation for the underperformance of the Crisis Risk Offset Systematic Trend Following/Alternative Risk Premia Investment Strategy formerly managed by Parametric Portfolio Associates, LLC. Mr. Sancewich emphasized this strategy has already been terminated by PFRS and the assets returned to PFRS in October 2020.

Motion: Vice-President Godfrey made a motion to accept the report regarding the underperformance of the Crisis Risk Offset Systematic Trend Following/Alternative Risk Premia Investment Strategy, second by Member Speakman. Motion passed.

[JOHNSON – Y/ GODFREY – N/ O'BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – N/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: N/ ABSTAIN: 0)

D. Member Resolutions No. 8007 - 8008

- D1. Resolution No. 8007** - Resolution Fixing the Monthly Allowance of Janice R. Bosco, Surviving Spouse of Michael J. Bosco, in the amount of \$3,652.89; Rosie Boone, Surviving Spouse of William Boone Jr., in the amount of \$4,886.91; Diane Fyfe, Surviving Spouse of Robert D. Fyfe, in the amount of \$5,664.85, All Retired Members of the Police and Fire Retirement System.

MOTION: Member Speakman made a motion to approve Resolution No. 8007, second by Member Nichelini. Motion passed.

[JOHNSON – Y/ GODFREY – Y/ O'BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – Y/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: 0/ ABSTAIN: 0)

- D2. Resolution No. 8008** - Resolution Approving Death Benefit Payments and Directing Warrants Thereunder in the Total Sum of \$1,000.00 Payable to the Beneficiary of Deceased Members Melvin Woolcock, Lamar F. Dunster, and Raul Martin.

MOTION: Member Traylor made a motion to approve Resolution No. 8008, second by Member Nichelini. Motion passed.

[JOHNSON – Y/ GODFREY – Y/ O'BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – Y/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: 0/ ABSTAIN: 0)

E. New Business – No Report.

F. Open Forum – No Report.

G. Future Scheduling – The next Regular Board Meeting is scheduled for Wednesday, January 27, 2021 with a tentative start time of 12:00 p.m. PST.

H. **Adjournment** – Member Nichelini made a motion to adjourn, second by Vice-President Godfrey. Motion passed.

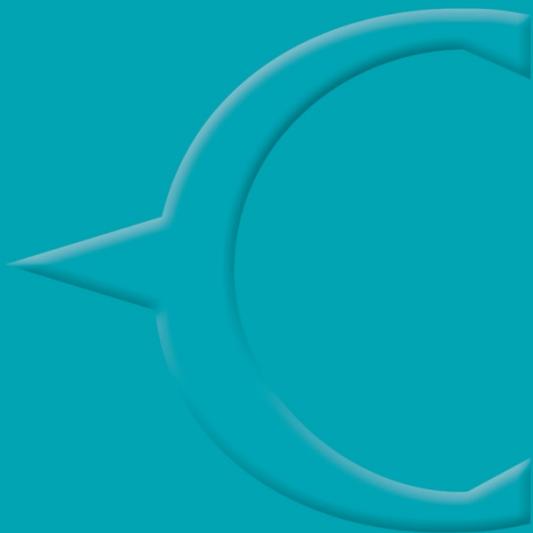
[JOHNSON – Y/ GODFREY – Y/ O'BRIEN – EXCUSED/ NICHELINI – Y/ SPEAKMAN – Y/ TRAYLOR – Y/ WILKINSON – Y]
(AYES: 6/ NOES: 0/ ABSTAIN: 0)

The meeting adjourned at 1:03 p.m. PST

WALTER L. JOHNSON, SR., BOARD PRESIDENT

DATE

DRAFT



Oakland Police and Fire Retirement System

**Actuarial Valuation Report
as of July 1, 2020**

Produced by Cheiron

January 2021

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January 14, 2021

City of Oakland Police and Fire
Retirement System Board
150 Frank H. Ogawa Plaza
Oakland, CA 94612

Dear Members of the Board:

At your request, we have conducted an actuarial valuation of the Oakland Police and Fire Retirement System (PFRS, the Plan) as of July 1, 2020. This report contains information on the Plan's assets and liabilities. This report also discloses the employer contributions in accordance with the funding agreement between the City of Oakland and PFRS, based on the current financial status of the Plan. Your attention is called to the Foreword in which we refer to the general approach employed in the preparation of this report.

The purpose of this report is to present the results of the annual actuarial valuation of the Plan. This report is for the use of the Retirement Board and the auditors in preparing financial reports in accordance with applicable law and accounting requirements. Other users of this report are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

The assumptions used in this report were adopted by the Board of Administration with our input at the February 28, 2018 Board meeting based on recommendations from our experience study covering plan experience for the period from July 1, 2014 through ending June 30, 2017. We believe these assumptions are reasonable for the purpose of the valuation.

The funding ratios in this report are for the purpose of establishing contribution rates. These measures are not appropriate for assessing the sufficiency of plan assets to cover the estimated cost of settling the plan's benefit obligations.

Cheiron utilizes ProVal actuarial valuation software leased from Winklevoss Technologies (WinTech) to calculate liabilities and project benefit payments. We have relied on WinTech as the developer of ProVal. We have a basic understanding of ProVal and have used ProVal in accordance with its original intended purpose. We have not identified any material inconsistencies in assumptions or output of ProVal that would affect this valuation.

Deterministic projections in this valuation report were developed using P-scan, a proprietary tool used to illustrate the impact of changes in assumptions, methods, plan provisions, or actual experience (particularly investment experience) on the future financial status of the Plan. P-scan uses standard roll-forward techniques. Because P-scan does not automatically capture how changes in one variable affect all other variables, some scenarios may not be consistent.

Stochastic projections in this valuation report were developed using R-scan, our proprietary tool for assessing the probability of different outcomes based on a range of potential investment

City of Oakland Police and Fire
Retirement System Board
January 14, 2021

returns. We relied on Cheiron colleagues for the development of the model. The stochastic projections of investment returns assume that each future year's investment return is independent from all other years and is identically distributed according to a lognormal distribution. The standard deviation used in the stochastic projection of investment returns was provided by the Plan's investment consultant.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

This report and its contents have been prepared in accordance with generally recognized and accepted actuarial principles and practices and our understanding of the Code of Professional Conduct and applicable Actuarial Standards of Practice set out by the Actuarial Standards Board as well as applicable laws and regulations. Furthermore, as credentialed actuaries, we meet the Qualification Standards of the American Academy of Actuaries to render the opinion contained in this report. This report does not address any contractual or legal issues. We are not attorneys and our firm does not provide any legal services or advice.

Sincerely,
Cheiron



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



Timothy S. Doyle, ASA, MAAA, EA
Associate Actuary

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

FOREWORD

Cheiron has performed the actuarial valuation of the Oakland Police and Fire Retirement System (PFRS, the Plan) as of July 1, 2020. The valuation is organized as follows:

- In Section I, the **Executive Summary**, we describe the purpose of an actuarial valuation, summarize the key results found in this valuation, and disclose important trends.
- The **Main Body** of the report presents details on the Plan's
 - Section II – Identification and Assessment of Risks
 - Section III – Assets
 - Section IV – Liabilities
 - Section V – Contributions
 - Section VI – Head Count and Benefit Payment Projections
- In the **Appendices**, we conclude our report with detailed information describing plan membership (Appendix A), actuarial assumptions and methods employed in the valuation (Appendix B), a summary of pertinent plan provisions (Appendix C), and a glossary of key actuarial terms (Appendix D).

The results of this report rely on future experience conforming to the underlying assumptions. To the extent that actual plan experience deviates from the underlying assumptions, the results would vary accordingly.

In preparing our report, we relied on information (some oral and some written) supplied by the Plan's staff. This information includes, but is not limited to, plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

SECTION I – EXECUTIVE SUMMARY

The primary purpose of the actuarial valuation and this report is to measure, describe, and identify the following as of the valuation date:

- The financial condition of the Plan,
- Past and expected trends in the financial progress of the Plan,
- Calculation of the actuarially determined contributions for years beginning in Fiscal Year 2021-2022, and
- An assessment and disclosure of key risks.

In the balance of this Executive Summary, we present (A) the basis upon which this year's valuation was completed, (B) the key findings of this valuation including a summary of all key financial results, (C) an examination of the historical trends, and (D) the projected financial outlook for the Plan.

A. Valuation Basis

This valuation estimates the projected employer contributions in accordance with the funding agreement dated July 1, 2012 between the City of Oakland and the PFRS. Based on that agreement, employer contributions were suspended until fiscal year 2017-2018, at which time they resumed at a level based upon the recommendation of the actuary. Section IV of this report shows the development of the employer contribution for fiscal year 2021-2022.

The Plan's funding policy is to contribute an amount equal to the sum of:

- The normal cost under the Entry Age Normal Cost Method (which is zero, as there are no active members),
- Amortization of the Unfunded Actuarial Liability, and
- The Plan's expected administrative expenses.

This valuation was prepared based on the plan provisions shown in Appendix C. There have been no changes in plan provisions since the prior valuation.

A summary of the assumptions and methods used in the current valuation is shown in Appendix B. A new Memorandum of Understanding (MOU) went effect for Fire members since the previous valuation, changing Fire retirees' expected Cost-of-Living Adjustments (COLAs). There has been no other changes to the actuarial assumptions or methods since the prior valuation.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

SECTION I – EXECUTIVE SUMMARY

B. Key Findings of this Valuation

The key results of the July 1, 2020 actuarial valuation are as follows:

- The actuarially determined employer contribution amount for Fiscal Year 2021-2022 is \$43.8 million, based on projecting the Actuarial Liabilities and the Actuarial Value of Assets to the end of the 2020-2021 Fiscal Year. This represents a decrease of \$0.3 million from the estimated amount in the prior valuation for the same Fiscal Year. The contribution is assumed to be paid in equal installments throughout the year, or on average at approximately January 1, 2022.
- During the year ended June 30, 2020, the return on Plan assets was 1.85% on a market value basis net of investment expenses, as compared to the 6.00% assumption for the 2019-2020 Plan year. This resulted in a market value loss on investments of \$15.7 million. The Actuarial Value of Assets (AVA) is calculated as the expected AVA plus 20% of the difference between the market value and the expected AVA. This smoothed value of assets returned 6.53%, for an actuarial asset gain of \$1.9 million.
- The Plan experienced a gain on the Actuarial Liability of \$0.4 million, the net result of changes in the population and changes in benefits. Combining the liability and asset gains, the Plan experienced a total gain of \$2.3 million.
- A new Memorandum of Understanding (MOU) went into effect for Fire members since the previous valuation, changing Fire retirees' Cost-of-Living Adjustments (COLAs). This change in COLAs decreased the Actuarial Liability by \$6.5 million since the scheduled increases under the new MOUs were lower than the amounts originally assumed, in aggregate.
- The Plan's smoothed funded ratio, the ratio of Actuarial Value of Assets over Actuarial Liability, increased from 58.0% last year to 62.2% on an AVA basis as of June 30, 2020.
- The Plan's funded ratio increased from 61.8% to 63.5% on a Market Value of Assets (MVA) basis.
- The Unfunded Actuarial Liability (UAL) is the excess of the Plan's Actuarial Liability over the Actuarial Value of Assets. The Plan experienced a decrease in the UAL from \$261.8 million to \$225.5 million as of July 1, 2020.
- Overall participant membership decreased compared to last year. 28 members died, 15 of whom had their benefits continue to a surviving spouse. In addition, 17 surviving beneficiaries died. There are no active members of the Plan.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

SECTION I – EXECUTIVE SUMMARY

- If the contribution was determined using a projected asset value based on the current market (i.e., non-smoothed) value of assets, the contribution for FY 2021-2022 would be \$42.4 million. The contribution is smaller than that determined using the projected AVA, because the current market value reflects the full amount of prior investment gains, while under the AVA projection a portion of those gains are deferred until years after FY 2021-2022.

Below we present Table I-1 that summarizes all the key results of the valuation with respect to membership, assets and liabilities, and contributions. The results are presented and compared for both the current and prior plan year.

TABLE I-1			
Summary of Principal Plan Results			
(\$ in thousands)			
	July 1, 2019	July 1, 2020	% Change
<u>Participant Counts</u>			
Active Participants	0	0	
Participants Receiving a Benefit	798	768	-3.8%
Total	798	768	-3.8%
Annual Pay of Active Members	\$ 0	\$ 0	
<u>Assets and Liabilities</u>			
Actuarial Liability (AL)	\$ 622,836	\$ 597,014	-4.1%
Actuarial Value of Assets (AVA)	361,037	371,467	2.9%
Unfunded Actuarial Liability (UAL)	\$ 261,798	\$ 225,547	-13.8%
Funded Ratio (AVA)	58.0%	62.2%	4.3%
Funded Ratio (MVA)	61.8%	63.5%	1.7%
<u>Contributions</u>			
Employer Contribution (FY2020-21)	\$ 43,648	N/A	
Employer Contribution (FY2021-22)	\$ 44,091	\$ 43,820	-0.6%

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

SECTION I – EXECUTIVE SUMMARY

C. Historical Trends

Despite the fact that for most retirement plans the greatest attention is given to the current valuation results and in particular, the size of the current Unfunded Actuarial Liability and the employer contribution, it is important to remember that each valuation is merely a snapshot in the long-term progress of a pension fund. It is more important to judge a current year’s valuation result relative to historical trends, as well as trends expected into the future.

Assets and Liabilities

The chart below compares the Market Value of Assets (MVA) and Actuarial Value of Assets (AVA) to the Actuarial Liabilities. The percentages shown in the table below the chart are the ratios of the Actuarial Value of Assets to the Actuarial Liability (the funded ratio). We note that for the GASB disclosure report, this ratio is disclosed using the MVA.

The funded ratio declined from 63.7% in 2007 to 37.5% in 2011 due to negative market returns and no contributions being made in that period (\$417 million in proceeds from a POB were deposited in 1997 that acted as prepayments for 15 years of contributions). The funded ratio increased between 2012 and 2013 due to a \$210 million contribution in July 2012. The funded ratio decreased from 67.2% to 49.5% between 2013 and 2017 due to assumption changes, liability losses, new Police MOUs, and the lack of contributions since the July 2012 payment. The funded ratio has increased from 49.5% to 62.2% over the past three years due to recommencement of contributions, and to a lesser extent, asset and liability gains.

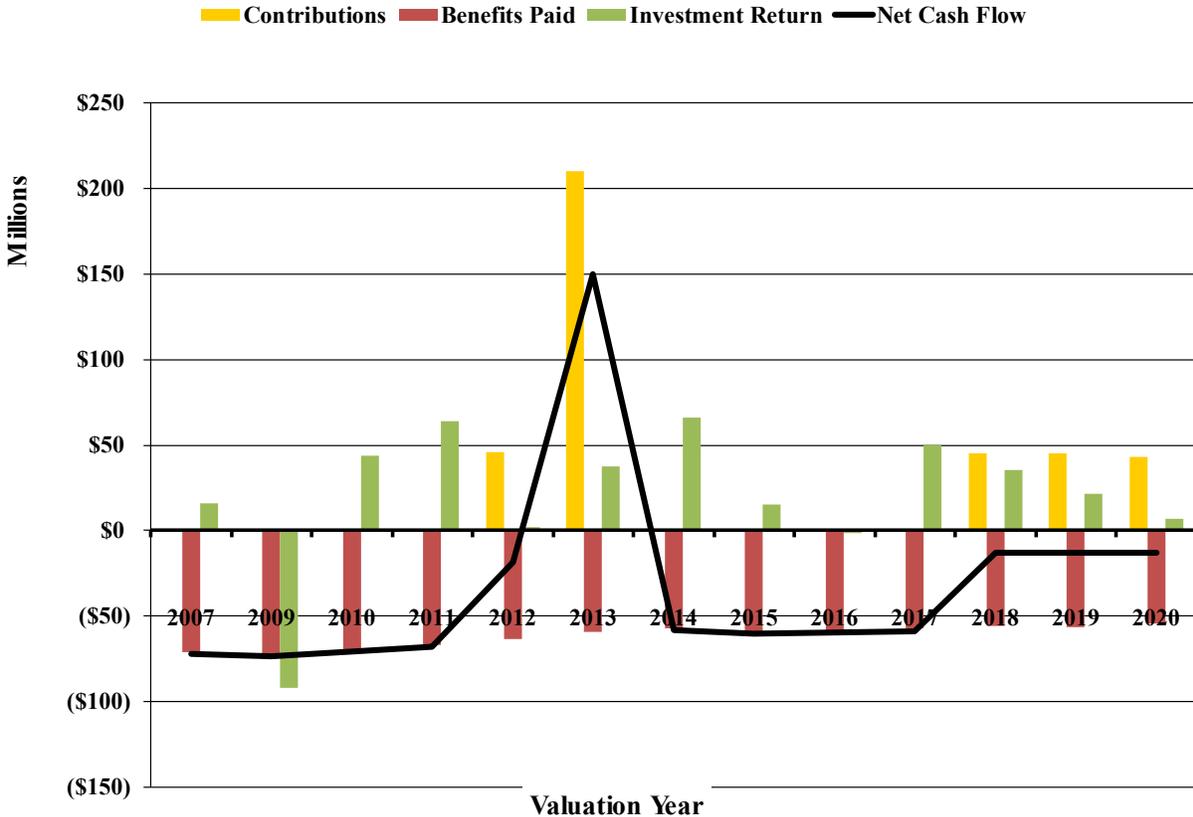


**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

SECTION I – EXECUTIVE SUMMARY

Cash Flows

The chart below shows the Plan’s cash flow, excluding investment returns (i.e., contributions less benefit payments and expenses). This is a critical measure, as it reflects the ability to have funds available to meet benefit payments without having to make difficult investment decisions, especially during volatile markets.



The contributions, benefit payments, investment returns, and net cash flow (NCF) excluding investment returns and expenses are represented by the scale on the left. The Plan’s net cash flow has been negative 12 of the last 13 fiscal years, primarily due to the lack of contributions except in 2013 and in the most recent three years. Even with the recommencing of contributions under the Plan’s funding policy, benefit payments exceeded contributions for the prior three years.

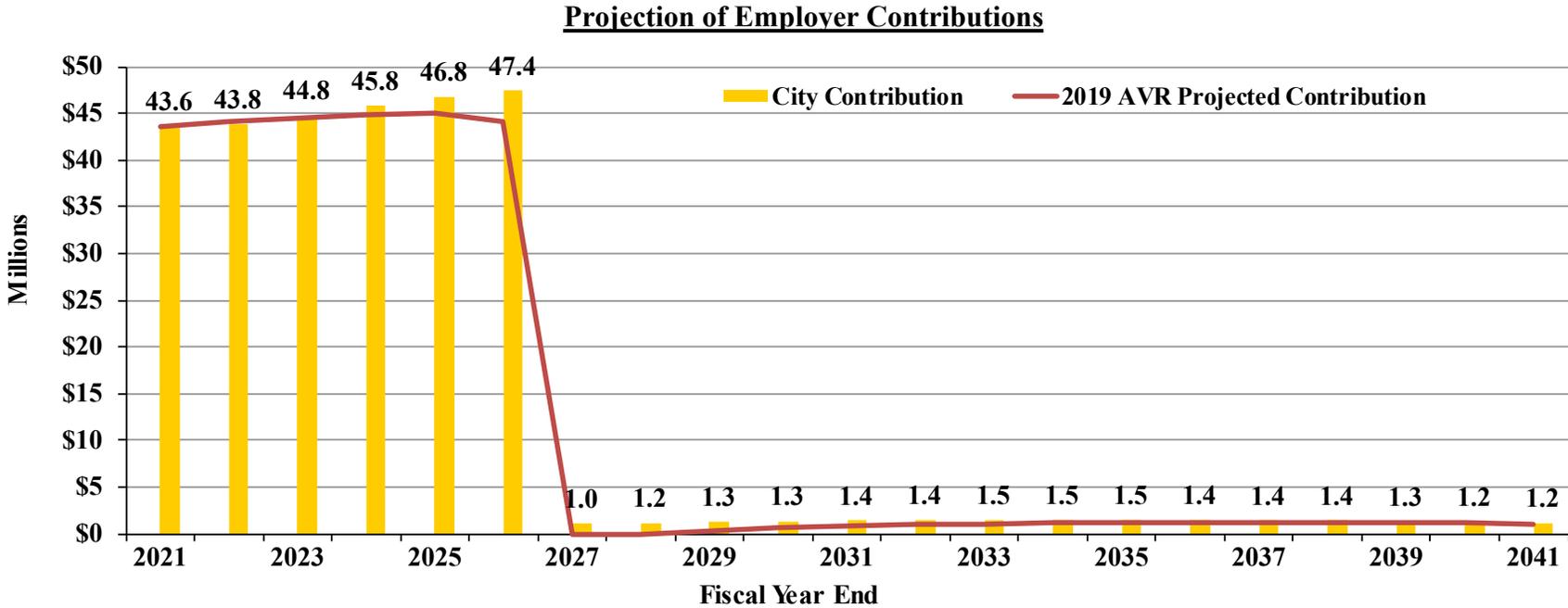
A negative cash flow magnifies the losses during a market decline, hindering the Plan in its ability to absorb market fluctuations. The implications of a plan in negative cash flow are that the impact of market fluctuations can be more severe: as assets are being depleted to pay benefits in down markets, there is less principal available to be reinvested during favorable return periods. The Plan is expected to remain in a negative cash flow position going forward, since the Plan is closed.

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D. Future Expected Financial Trends

The analysis of projected financial trends is perhaps the most important component of this valuation. In this section, we present our assessment of the implications of the July 1, 2020 valuation results in terms of benefit security (assets over liabilities) and contribution levels. All the projections in this section are based on the assumption that the Plan will exactly achieve the assumed rate of return each year (6.0% per year until 2027, then trending down to an annual return of 3.25% over 10 years).



The above graph shows a projection of the City’s required contributions compared to the same projections from last year’s report. The City’s required contribution increased from \$43.6 million in fiscal year 2021 to \$43.8 million in fiscal year 2022, and then is expected to increase by about \$1 million per year for the next four years as the current unfunded liability is fully amortized. This assumes that the annual payments by the City will equal the administrative expenses, plus an amount needed to amortize the remaining unfunded liability as a level percentage of overall Safety payroll by July 1, 2026, as is required under the City’s charter.



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After July 1, 2026, the UAL is expected to be fully amortized, and the contribution would generally be equal to the administrative expense, beginning in 2026-2027. However, under the current asset smoothing method there are still expected to be some deferred asset gains, which will not be recognized until after 2026; the deferred recognition of these gains is expected to offset a portion of the administrative expenses in the final years of the graph on the previous page.

Note that the graph on the previous page does not forecast any future actuarial gains or losses or changes to the amortization policy. Even relatively modest losses could push the employer contribution over \$50 million in the next few years. We also note that the occurrence of any future gains or losses in the years leading up to or following the required full amortization date (July 1, 2026) may require a reconsideration of the funding policy for those gains or losses, as otherwise these changes would need to be recognized over an extremely short period.

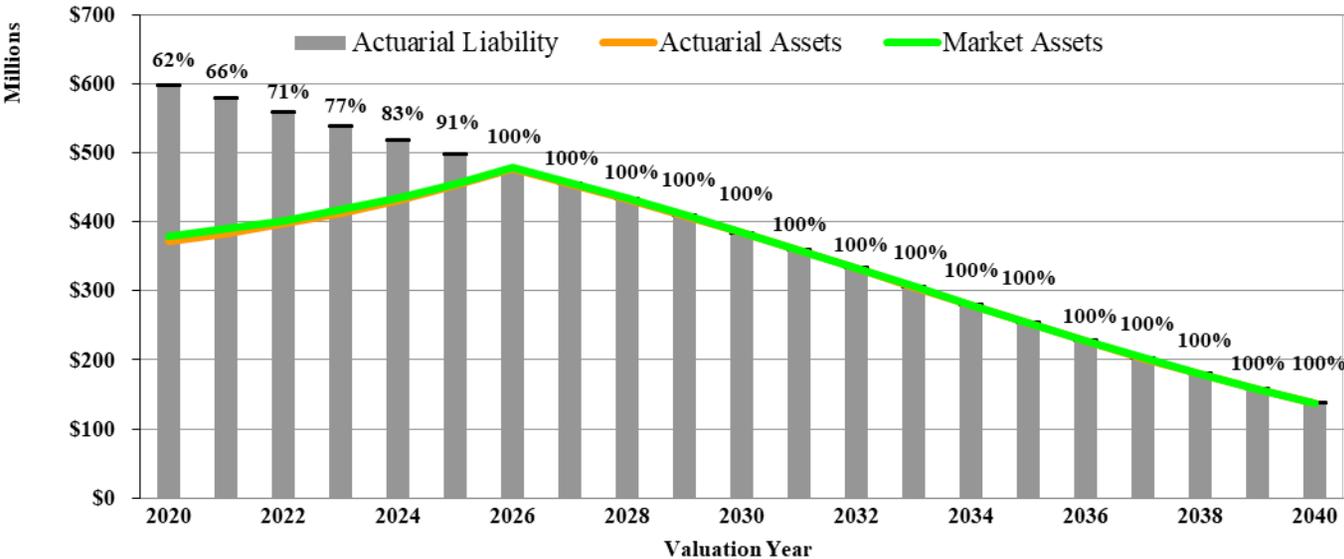
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SECTION I – EXECUTIVE SUMMARY

Asset and Liability Projections:

The following graph shows the projection of assets and liabilities assuming that assets will earn the assumed rate of return each year during the projection period.

Projection of Assets and Liabilities



The graph shows that the projected funded status increases as the current unfunded liability is fully amortized, assuming all actuarial assumptions are met. Once the Plan is projected to reach 100% funding, both the assets and liabilities are expected to decline as the Plan continues to mature.



SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS

Actuarial valuations are based on a set of assumptions about future economic and demographic experience. These assumptions represent a reasonable estimate of future experience, but actual future experience will undoubtedly be different and may be significantly different. This section of the report is intended to identify the primary risks to the plan, provide some background information about those risks, and provide an assessment of those risks.

Identification of Risks

The fundamental risk to a pension plan is that the contributions needed to pay the benefits become unaffordable. While the Plan cannot determine on its own what contribution level is unaffordable, we can project expected contributions and illustrate the potential impact of key sources of risk on those contribution rates so the City can assess affordability. While there are a number of factors that could lead to contribution amounts becoming unaffordable, we believe the primary sources are:

- Investment risk,
- COLA risk,
- Longevity risk, and
- Contribution risk.

Other risks that we have not identified may also turn out to be important.

Investment Risk is the potential for investment returns to be different than expected. Lower investment returns than anticipated will increase the Unfunded Actuarial Liability necessitating higher contributions in the future unless there are other gains that offset these investment losses. In contrast, higher investment returns than anticipated may create a potentially significant surplus that could be difficult to use until all benefits have been paid. Expected future investment returns and their potential volatility are determined by the Plan's asset allocation.

COLA Risk is the potential for future COLAs to increase contributions. Retirement allowances are based on the pensionable compensation attached to the average rank held during the three years immediately preceding retirement. Cost-of-living adjustments are therefore based on salary increases for current employees with the retiree's same rank at retirement. Salary increases less than or greater than those assumed cause gains or losses, respectively. COLA increases different from those expected over the last eight years are reflected in the "MOU Changes" column in the chart on the next page.

Longevity risk is the potential for mortality experience to be different than expected. Generally, longevity risk emerges slowly over time and is often exceeded by other changes, particularly those due to investment returns. However, for a closed plan such as PFRS the mortality experience will have a significant impact on future cash flows. The chart below shows the demographic gains and losses over the last eight years compared to the total change in the UAL for each year, a portion of which is associated with mortality experience.

Contribution risk is the potential for actual future actuarially determined contributions to deviate from expected future contributions. The City Charter sets the Plan's contribution policy. It

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SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS

requires the unfunded liability of the plan to be fully amortized by June 20, 2026. The Actuarially Determined Contribution (ADC) is based on a short remaining amortization period. As a result, a significant loss or change in assumptions may cause a large increase in the ADC. Furthermore, any change to the contribution policy would necessitate an amendment to the City Charter, which requires voter approval.

The table below shows an eight-year history of changes in the UAL by source.

TABLE II-1 UAL Change by Source (\$ in Thousands)							
FYE	Contributions			Liability		Total UAL Change	
	MOU Changes	Assumption Changes	vs. Tread Water	Investments	Experience		
2013	\$ 4,091	\$ 0	\$ (188,922)	\$ (3,803)	\$ 2,592	\$ (186,042)	
2014	0	30,598	15,146	(10,729)	(19,869)	15,147	
2015	0	0	17,023	(6,171)	6,522	17,374	
2016	43,480	0	15,033	486	2,830	61,829	
2017	0	22,730	22,888	(4,958)	(9,959)	30,702	
2018	(1,475)	0	(24,214)	(7,128)	(7,467)	(40,284)	
2019	(7,173)	0	(26,691)	(5,919)	1,797	(37,986)	
2020	(6,541)	0	(27,417)	(1,877)	(417)	(36,252)	
Total	\$ 32,383	\$ 53,328	\$ (197,152)	\$ (40,099)	\$ (23,971)	\$ (175,511)	

The UAL was reduced by approximately \$175.5 million over the last eight years. Contributions in excess of the “tread water” level (i.e. interest on the UAL plus administrative expenses) reduced the UAL by \$197.2 million, liability experience reduced the UAL by \$24.0 million, and investment returns decreased the UAL by \$40.1 million. Meanwhile changes to MOUs increased the UAL by \$32.4 million and assumption changes increased the UAL by \$53.3 million.

Plan Maturity Measures

The future financial condition of a mature pension plan is more sensitive to each of the risks identified above than a less mature plan. Before assessing each of these risks, it is important to understand the maturity of the plan.

Plan maturity can be measured in a variety of ways, but they all get at one basic dynamic – the larger the plan is compared to the contribution or revenue base that supports it; the more sensitive the plan will be to risk. Given that the Plan has been closed to new entrants since 1976 with no remaining active members, the Plan considered as a standalone entity is very mature, though because of the diminishing benefit cash flows it is expected to have a declining impact on the overall City finances.

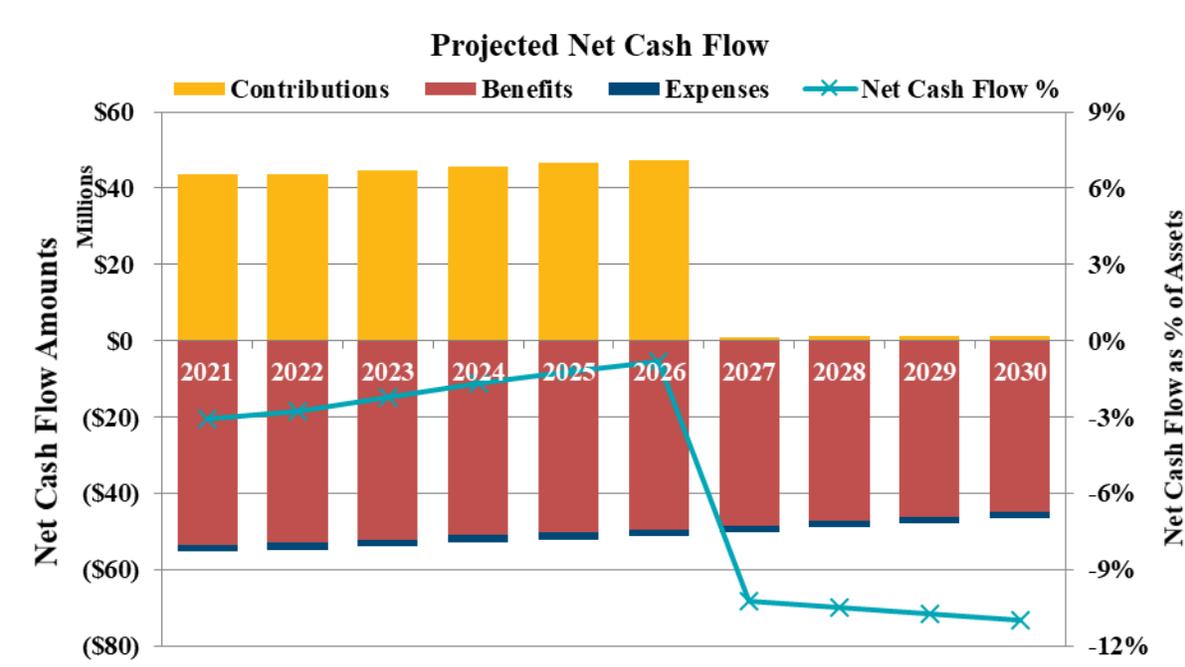
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SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS

Net Cash Flow

The net cash flow of the plan as a percentage of the beginning of year assets indicates the sensitivity of the plan to short-term investment returns. Net cash flow is equal to contributions less benefit payments and administrative expenses. Mature plans can have large amounts of benefit payments compared to contributions, particularly if they are well funded.

The chart below shows the projected net cash flow for the next 10 fiscal years. The bars represent the dollar amounts of the different components of the projected net cash flow, and the line represents the net cash flow as a percentage of the assets as of the beginning of the fiscal year.



The Plan’s contributions are expected to cease following the 2025-2026 Fiscal Year once the unfunded liability has been paid off, other than for payments needed to cover the administrative expenses. Beyond that point, the negative net cash flows are expected to continue until all benefits are paid.

The first issue this change presents to the Plan is a need for liquidity in the investments so that benefits can be paid. When the cash flow was positive or close to neutral, benefits could be paid out of contributions without liquidating investments. As net cash flow becomes increasingly negative, the benefit payments will require liquidation of some investments (at least to the extent the bond portfolio doesn’t generate sufficient cash income).

The other change of note is the sensitivity to short-term investment returns. Investment losses in the short term are compounded by the net withdrawal from the plan leaving a smaller asset base to try to recover from the investment losses. On the other hand, large investment gains in the

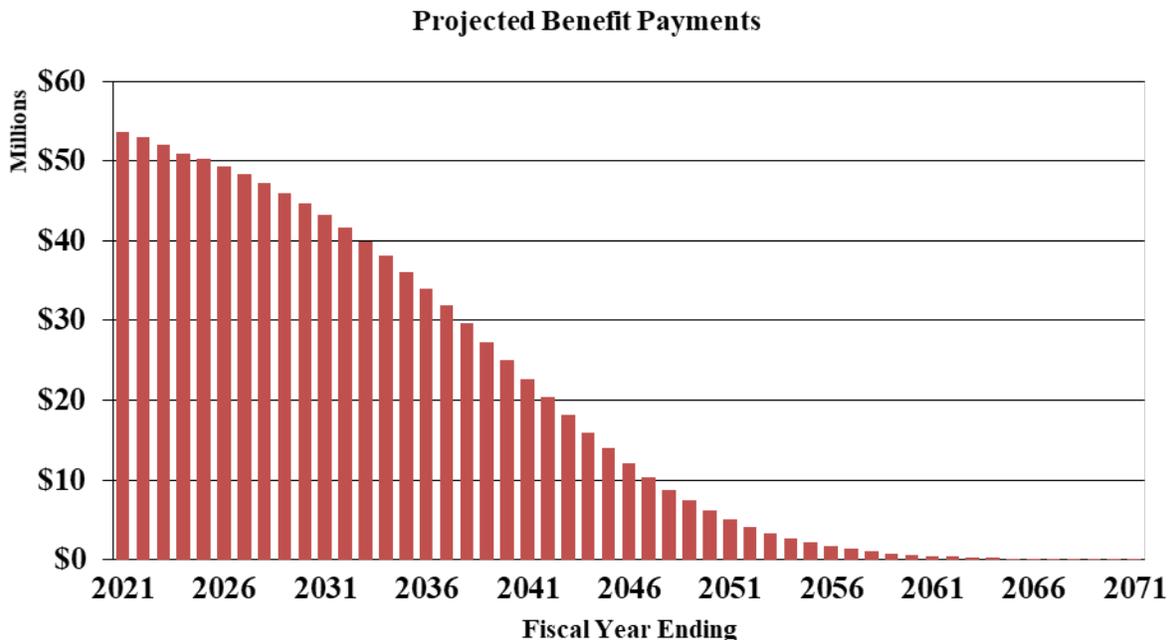
SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS

short term also tend to have a longer beneficial effect as any future losses are relative to a smaller liability base due to the negative cash flow.

Assessing Costs and Risks

A closed pension plan will ultimately either end up with excess assets after all benefits have been paid or run out of assets before all benefits have been paid. The declining investment return assumption adopted by the Board implies an expectation the Plan will pursue a strategy of de-risking the Plan to minimize the impact of these scenarios, potentially by reducing the risk in its investment portfolio, immunizing investments, and/or purchase annuities to settle the remaining obligation.

However, even if the Plan were to run out of assets, PFRS would be forced to pay benefits directly on a pay-as-you-go basis. As long as PFRS (and the City) can afford the pay-as-you-go costs, benefits would remain secure. The chart below shows a projection of expected benefit payments for the closed plan.

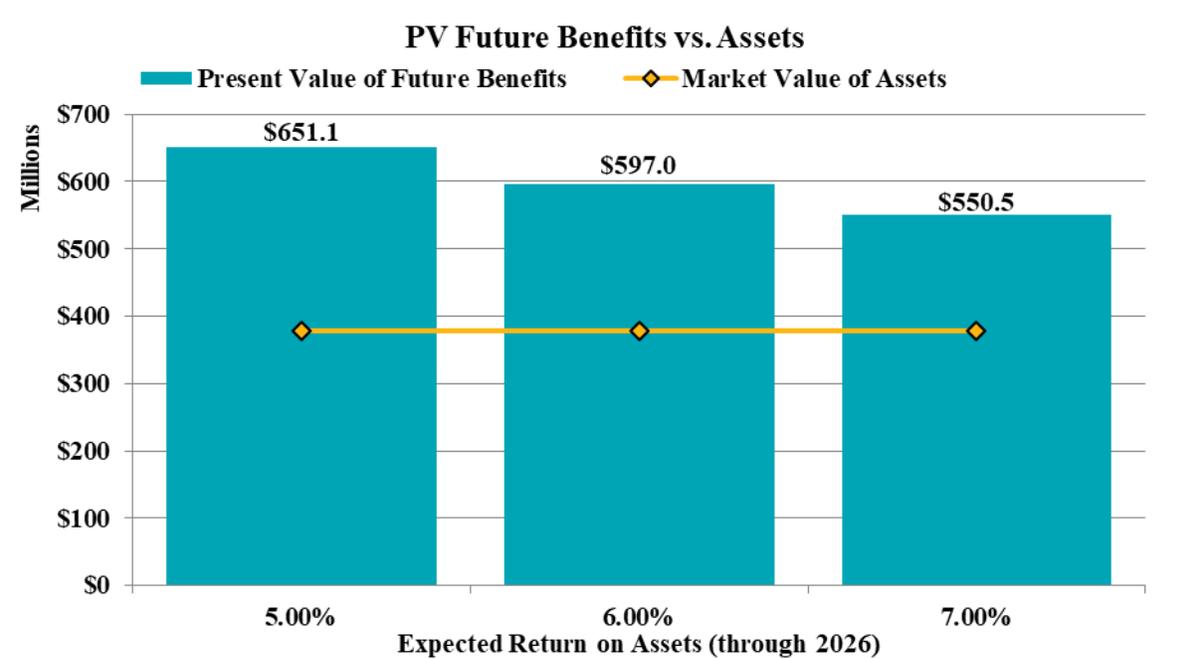


Sensitivity to Investment Returns

The chart on the next page compares assets to the present value of all projected future benefits discounted at the current expected rates of return – starting at 6.00% through 2026 and trending down to 3.25% over the next 10 years - and at investment returns 100 basis points above and below the expected rates of return. The present value of future benefits is shown as a teal bar and the Market Value of Assets is shown by the gold line.

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SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS



If actual investment returns meet the expected returns annually, the Plan would need approximately \$597 million in assets today to pay all projected benefits compared to current assets of \$379 million. If investment returns are 100 basis points lower each year, the Plan would need approximately \$651 million in assets today, and if investment returns are 100 basis points higher, the Plan would need approximately \$551 million in assets today.

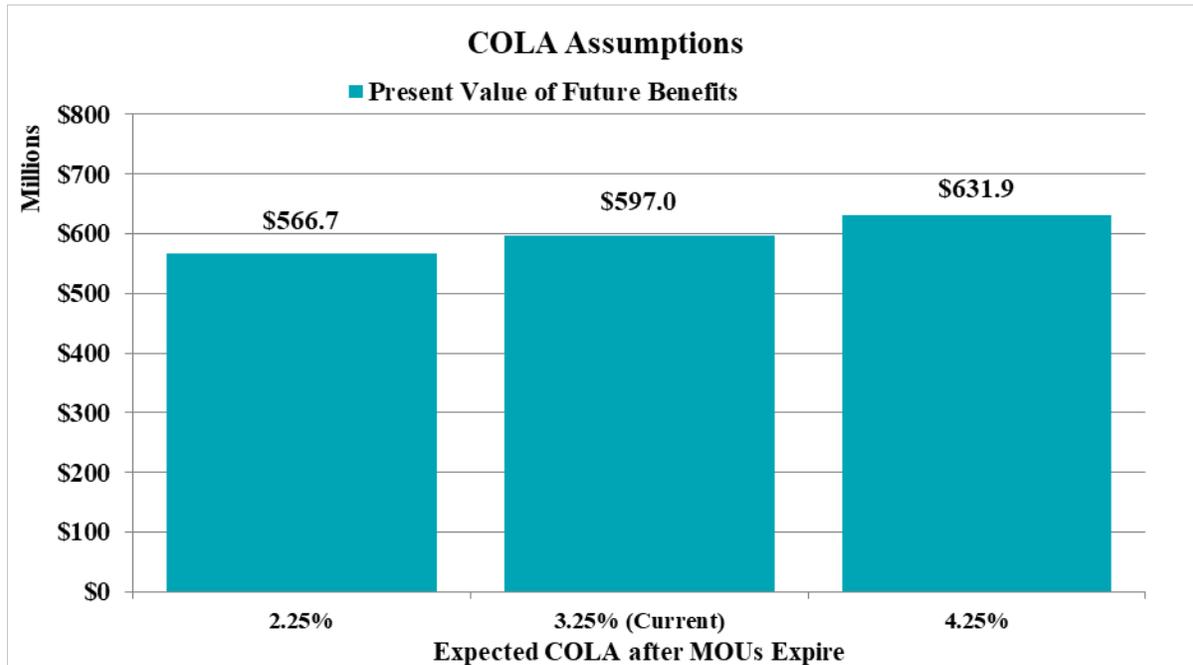
Sensitivity to COLA Changes

The present value of future benefits shown above assumes annual COLA increases of 3.25% per year once the current MOUs have expired. If COLA inflation is higher (because of higher than expected increases in the salaries of active employees); more assets would be needed to pay the benefits, and if COLA inflation is lower; fewer assets would be needed to pay benefits.

The chart on the next page shows the present value of all projected future benefits (discounted using the current expected rates of return) based on annual COLA increases of 3.25% per year once the current MOUs have expired - and at COLA increases 100 basis points above and below the current COLA assumptions.

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SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS



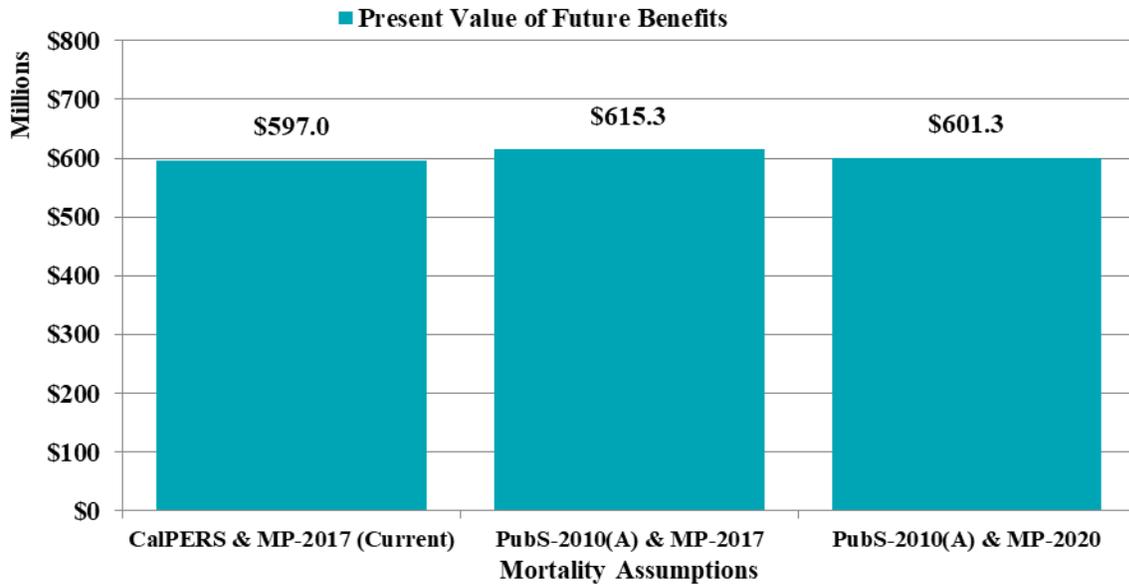
Sensitivity to Mortality Assumption Changes

The following chart on the next page shows the sensitivity of the Plan to longevity / mortality experience. In the first bar we have shown the present value of benefits using the Plan’s current mortality assumptions (i.e. using the most recent CalPERS mortality assumptions, with projections for generational improvements using the Society of Actuary’s MP-2017 improvement scales). In the second bar, we have shown the impact on the present value of benefits if actual longevity experience follows an alternative set of assumptions, reflecting new tables that have been developed using the experience Public Safety employees of U.S. public employers. In the third bar we have shown an additional alternative, using the Public Sector table described above, but also reflecting a slower rate of future improvements in longevity, as reflected by the Society of Actuary’s latest improvement scale (MP-2020). As always, actual experience will drive costs, but this exhibit provides an example of the level of sensitivity of the Plan’s liabilities to recent changes in outlooks on mortality.

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SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS

Mortality and Mortality Improvement Assumptions



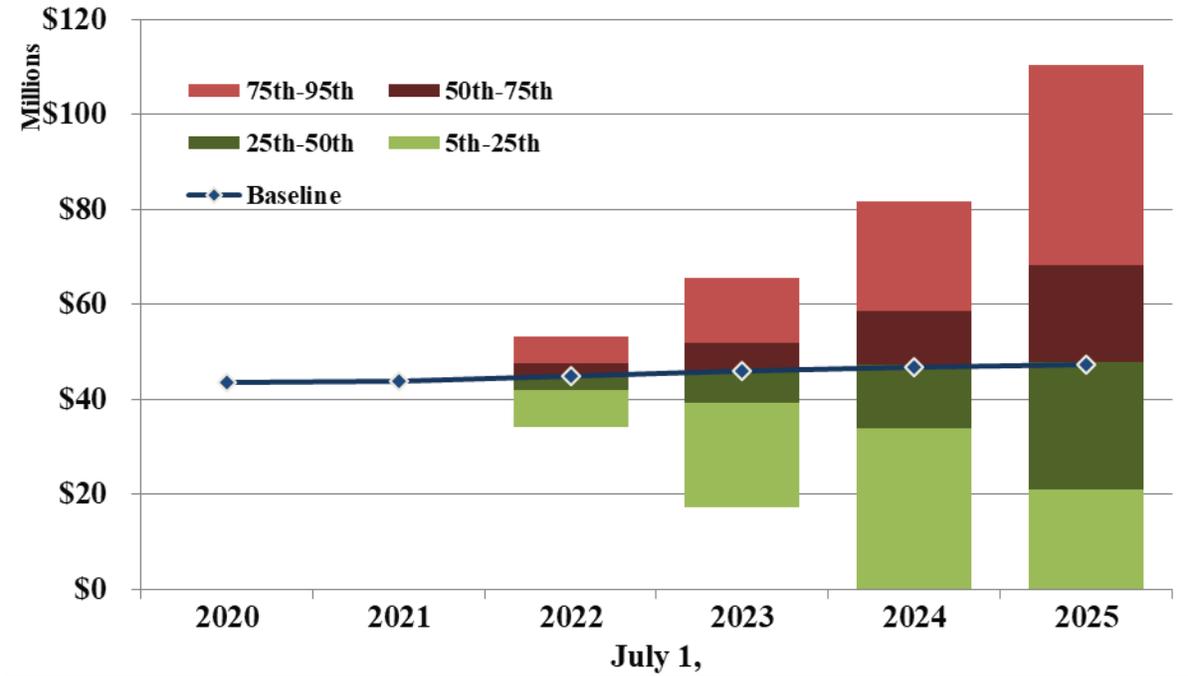
Stochastic Projections

The stochastic projections of contributions through the full funded date (June 30, 2026) in the chart on the following page shows a very wide range in future ADC's. This range is driven both by the volatility of investment returns (assumed to be 11.0% in these projections, based on previous information provided by Meketa) and by the short amortization period used to calculate the ADC. We note that if the Plan is required to remain fully funded after 2026, the contributions required will also vary widely.

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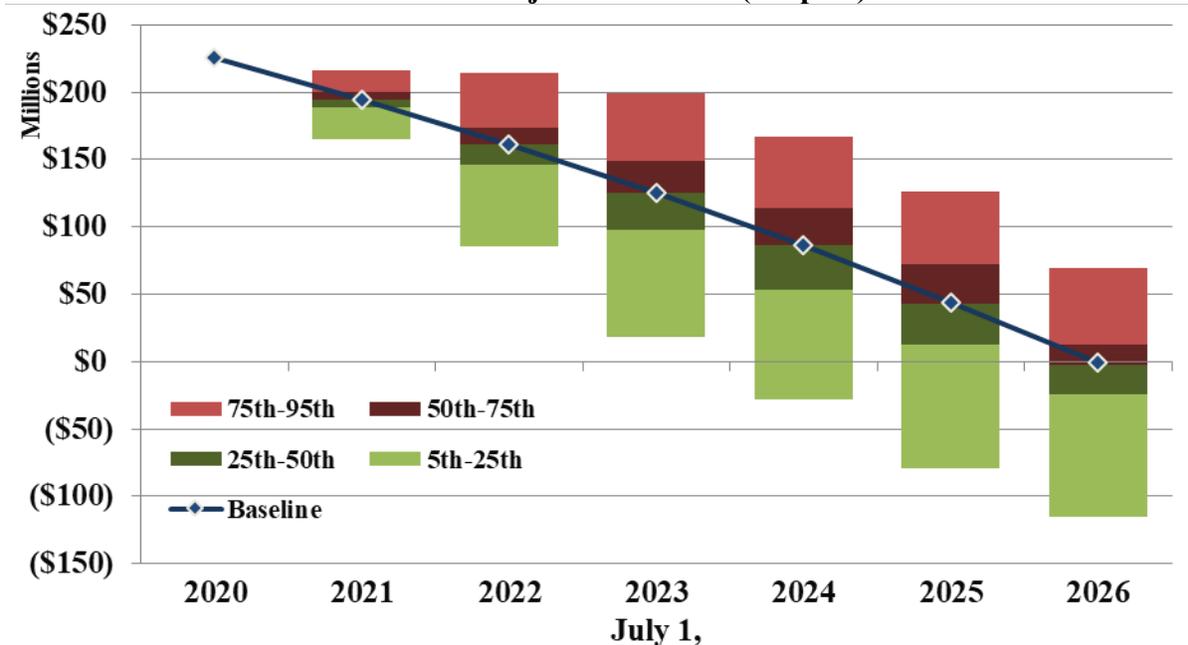
SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS

Stochastic Projection of Actuarially Determined Contribution (ADC)



The chart below shows the projection of the UAL through the full funding date. While the UAL is projected in the baseline to be eliminated by 2026, because of the statutory requirement to fully fund the Plan by that time, there is still a wide range of potential outcomes.

Stochastic Projection of UAL/(Surplus)



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SECTION II – IDENTIFICATION AND ASSESSMENT OF RISKS

More Detailed Assessment

A detailed assessment of risk would be valuable in understanding the risks identified above, especially given the closed nature of the plan. We encourage the Board to consider a more detailed analysis of some of the risks identified above, in particularly in developing a funding strategy to deal with changes in the UAL after the required full funding date.

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SECTION III – ASSETS

Pension Plan assets play a key role in the financial operation of the Plan and in the decisions the Board may make with respect to future deployment of those assets. The level of assets, the allocation of assets among asset classes, and the methodology used to measure assets will likely impact benefit levels, employer contributions, and the ultimate security of participants’ benefits.

In this section, we present detailed information on Plan assets including:

- **Disclosure** of Plan assets as of June 30, 2019 and June 30, 2020,
- Statement of the **changes** in market values during the year, and
- Development of the **Actuarial Value of Assets**.

Disclosure

There are two types of asset values disclosed in the valuation, the Market Value of Assets and the Actuarial Value of Assets. The market value represents “snapshot” or “cash out” values, which provide the principal basis for measuring financial performance from one year to the next. Market values, however, can fluctuate widely with corresponding swings in the marketplace. As a result, market values are sometimes not as suitable for long-range planning as are the Actuarial Value of Assets, which reflect smoothing of annual investment returns.

Table III-1 discloses and compares each component of the market asset value as of June 30, 2019 and June 30, 2020.

TABLE III-1 Statement of Assets at Market Value June 30, (in thousands)			
		2019	2020
Cash and Cash Equivalents	\$	6,484	\$ 6,346
Receivables		4,428	8,079
Investments, at Fair Value		420,245	404,721
Total Assets	\$	431,157	\$ 419,146
Liabilities		46,446	40,171
Market Value of Assets	\$	384,711	\$ 378,975

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020

SECTION III – ASSETS

Changes in Market Value

The components of asset change are:

- Contributions (employer and employee)
- Benefit payments
- Expenses (investment and administrative)
- Investment income (realized and unrealized)

Table III-2 on the following page shows the components of a change in the Market Value of Assets during 2019 and 2020.

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SECTION III – ASSETS

**TABLE III-2
Changes in Market Values
June 30,
(in thousands)**

	<u>2019</u>	<u>2020</u>
Contributions		
Contributions of Plan Members	\$ 0	\$ 0
Contributions from the City	<u>44,821</u>	<u>43,409</u>
Total Contributions	<u>44,821</u>	<u>43,409</u>
Investment Income		
Miscellaneous Income	20	0
Investment Income	<u>21,552</u>	<u>6,997</u>
Total Investment Income	<u>21,572</u>	<u>6,997</u>
Disbursements		
Benefit Payments	(56,212)	(54,619)
Administrative Expenses	<u>(1,446)</u>	<u>(1,523)</u>
Total Disbursements	<u>(57,658)</u>	<u>(56,142)</u>
Net increase (Decrease)	8,734	(5,736)
Net Assets Held in Trust for Benefits:		
Beginning of Year	<u>375,976</u>	<u>384,711</u>
End of Year	\$ <u>384,711</u>	\$ <u>378,975</u>
Approximate Return	5.83%	1.85%

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SECTION III – ASSETS

Actuarial Value of Assets (AVA)

The Actuarial Value of Assets represents a “smoothed” value developed by the actuary to reduce the volatile results, which could develop due to short-term fluctuations in the Market Value of Assets. For this Plan, the Actuarial Value of Assets is calculated on a modified market-related value. The Actuarial Value of Assets recognizes one-fifth of the difference between the expected asset value (based on the 6.00% return assumption from 2019-2020) and the actual market value each year. The actuarial value is restricted to fall between 90% and 110% of the market value.

TABLE III-3 Development of Actuarial Value of Assets (in thousands)	
1. Calculate Expected Actuarial Value of Assets	
a. Value of Actuarial Value of Assets - July 1, 2019	\$ 361,037
b. Total Contributions and Misc Income	43,409
c. Administrative Expense	(1,523)
d. Benefit Payments	(54,619)
e. Expected Investment Earnings	21,286
f. Expected Actuarial Value of Assets - July 1, 2020 [1a + 1b + 1c + 1d + 1e]	\$ 369,590
2. Calculate Final Actuarial Value of Assets	
a. Value of Market Value of Assets - July 1, 2020	\$ 378,975
b. Excess of MVA over Expected AVA [2a - 1f]	9,385
c. Preliminary AVA [1f + 0.2 * 2b]	371,467
d. 90% of MVA [90% * 2a]	341,077
e. 110% of MVA [110% * 2a]	416,872
3. Final Actuarial Value of Assets [2c, not less than 2d or greater than 2e]	\$ 371,467

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SECTION III – ASSETS

Investment Performance

The following table calculates the investment related gain/loss for the plan year on both a market value and an actuarial value basis. The market value gain/loss is an appropriate measure for comparing the actual asset performance to the previous valuation's 6.00% assumption.

TABLE III-4 Asset Gain/(Loss) (in thousands)		
	Market Value	Actuarial Value
July 1, 2019 value	\$ 384,711	\$ 361,037
Contributions of Plan Members	0	0
Contributions from the City	43,409	43,409
Miscellaneous Income	0	0
Benefit Payments	(54,619)	(54,619)
Administrative Expenses	(1,523)	(1,523)
Expected Investment Earnings (6.00%)	<u>22,706</u>	<u>21,286</u>
Expected Value June 30, 2020	\$ 394,684	\$ 369,590
Investment Gain / (Loss)	<u>(15,709)</u>	<u>1,877</u>
July 1, 2020 value	378,975	371,467
Return	1.85%	6.53%

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SECTION IV – LIABILITIES

In this section, we present detailed information on Plan liabilities including:

- **Disclosure** of Plan liabilities on July 1, 2019 and July 1, 2020
- Statement of **changes** in these liabilities during the year

Disclosure

Several types of liabilities are typically shown in an actuarial valuation report. Each type is distinguished by the people ultimately using the figures and the purpose for which they are using them. Note that these liabilities are not applicable for settlement purposes, including the purchase of annuities and the payment of lump sums.

- **Present Value of Future Benefits:** Used for measuring all future Plan obligations, the obligations of the Plan earned as of the valuation date and those to be earned in the future by current plan participants under the current Plan provisions, if all assumptions are met.
- **Actuarial Liability:** Used for funding calculations, this liability is calculated taking the Present Value of Future Benefits and subtracting the Present Value of Future Normal Costs under an acceptable actuarial funding method. Because the Plan has no active members, the Actuarial Liability is equal to the Present Value of Future Benefits (i.e., all benefits are fully accrued).
- **Unfunded Actuarial Liability:** The excess of the Actuarial Liability over the Actuarial Value of Assets.

Table IV-1 on the next page discloses each of these liabilities for the current and prior valuations.

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SECTION IV – LIABILITIES

TABLE IV-1		
Liabilities/Net (Surplus)/Unfunded		
(in thousands)		
	July 1, 2019	July 1, 2020
<u>Present Value of Future Benefits</u>		
Active Participant Benefits	\$ 0	\$ 0
Retiree and Inactive Benefits	<u>622,836</u>	<u>597,014</u>
Present Value of Future Benefits (PVB)	\$ 622,836	\$ 597,014
<u>Actuarial Liability</u>		
Present Value of Future Benefits (PVB)	\$ 622,836	\$ 597,014
Present Value of Future Normal Costs (PVFNC)	<u>0</u>	<u>0</u>
Actuarial Liability (AL = PVB – PVFNC)	\$ 622,836	\$ 597,014
Actuarial Value of Assets (AVA)	<u>361,037</u>	<u>371,467</u>
Net (Surplus)/Unfunded (AL – AVA)	\$ 261,798	\$ 225,547

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SECTION IV – LIABILITIES

Changes in Liabilities

Each of the liabilities disclosed in the prior table is expected to change at each valuation. The components of that change, depending upon which liability is analyzed, can include:

- New hires since the last valuation (not applicable for this Plan)
- Benefits accrued since the last valuation (not applicable for this Plan)
- Plan amendments
- Passage of time which adds interest to the prior liability
- Benefits paid to retirees since the last valuation
- Participants retiring, terminating, dying, or receiving COLA adjustments at rates different than expected
- A change in actuarial or investment assumptions
- A change in the actuarial funding method or software

Unfunded liabilities will change because of all of the above and also due to changes in Plan assets resulting from:

- Employer contributions different than expected
- Investment earnings different than expected
- A change in the method used to measure plan assets

TABLE IV-2 Changes in Actuarial Liability (in thousands)	
Actuarial Liability at July 1, 2019	\$ 622,836
Actuarial Liability at July 1, 2020	\$ 597,014
Liability Increase (Decrease)	\$ (25,822)
Change due to:	
Plan Design Changes	\$ (6,541)
Assumption Change	0
Accrual of Benefits	0
Actual Benefit Payments	(54,619)
Interest	35,755
Data Corrections	0
Actuarial Liability (Gain)/Loss	\$ (417)

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SECTION IV – LIABILITIES

TABLE IV-3			
Liabilities by Group as of July 1, 2020			
(in thousands)			
	Police	Fire	Total
Actuarial Accrued Liability			
Active	\$ 0	\$ 0	\$ 0
Service Retirees	224,958	74,233	299,191
Disabled Retirees	89,168	80,979	170,147
Beneficiaries	<u>71,247</u>	<u>56,429</u>	<u>127,676</u>
Total Accrued Liability	\$ 385,373	\$ 211,641	\$ 597,014

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

SECTION IV – LIABILITIES

**TABLE IV-4
Development of Actuarial Gain / (Loss)
(in thousands)**

1. Unfunded Actuarial Liability at Start of Year (not less than zero)	\$	261,798
2. Employer Normal Cost at Start of Year		0
3. Interest on 1. and 2. to End of Year		15,708
4. Contributions and Miscellaneous Income for Prior Year		43,409
5. Administrative Expenses		(1,523)
6. Interest on 4. and 5. to End of Year		1,238
7. Change in Unfunded Actuarial Liability Due to Changes in Assumptions		0
8. Change in Unfunded Actuarial Liability Due to Changes in Actuarial Methods		0
9. Change in Unfunded Actuarial Liability Due to Changes in Plan Design		(6,541)
10. Change in Unfunded Actuarial Liability Due to Data Corrections		0
11. Expected Unfunded Actuarial Liability at End of Year [1. + 2. + 3. - 4. - 5. - 6. + 7. + 8. + 9. + 10.]	\$	227,841
12. Actual Unfunded Actuarial Liability at End of Year (not less than zero)		225,547
13. Unfunded Actuarial Liability Gain / (Loss) [11. - 12.]	\$	2,294

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
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SECTION V – CONTRIBUTIONS

In the process of evaluating the financial condition of any pension plan, the actuary analyzes the assets and liabilities to determine what level (if any) of contributions is needed to properly maintain the funding status of the Plan. Typically, the actuarial process will use a funding technique that will result in a pattern of contributions that are both stable and predictable.

For this Plan, the actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the **Entry Age Normal** cost method.

The normal cost rate is determined with the normal cost percentage equal to the total Projected Value of Benefits at Entry Age, divided by Present Value of Future Salary at Entry Age. Since there are no longer any active employees, the normal cost for this plan is \$0.

The Unfunded Actuarial Liability is the difference between the EAN Actuarial Liability and the Actuarial Value of Assets. For the contribution projections, the UAL payment is based on the unfunded liability of the Plan being fully amortized by June 30, 2026, in accordance with the City Charter. Amortization payments are determined based on an assumption that payments will increase by 3.25% each year, reflecting the assumed ultimate rate of increase in overall City Safety member salaries.

An amount equal to the expected administrative expenses for the Plan is added directly to the actuarial cost calculation.

Table V-1 on the next page shows the employer contribution amount for the 2021-2022 Fiscal Year. The projected assets and liabilities assume that all actuarial assumptions are met and that contributions are made as expected between now and June 30, 2021.

For this calculation, we have shown the contribution amount using both the projected actuarial and Market Value of Assets. The current funding policy uses the AVA to determine the UAL and the associated amortization payment. We have included the contribution amount as determined using the current Market Value of Assets to demonstrate what the actuarial cost would be if all deferred asset gains were fully recognized at the time the contributions commence. In both cases, the contribution is based on an assumption that the investment returns will exactly equal the assumed rate of return during the 2020-2021 Fiscal Year.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

SECTION V – CONTRIBUTIONS

**TABLE V-I
Development of Projected 2021-2022 Employer Contribution Amount
(in thousands)**

	Actuarial Value of Assets	Market Value of Assets
1. Value of Assets at June 30, 2020:	\$ 371,467	\$ 378,975
a. Expected Contributions and Misc Income	\$ 43,648	\$ 43,648
b. Expected Administrative Expense	\$ (1,646)	\$ (1,646)
c. Expected Benefit Payments	\$ (53,403)	\$ (53,403)
d. Expected Investment Earnings	<u>\$ 21,951</u>	<u>\$ 22,401</u>
2. Expected Value of Assets at June 30, 2021:	\$ 382,018	\$ 389,976
a. Excess of Expected MVA over Expected AVA	\$ 7,958	
b. Preliminary AVA [Expected AVA + 20% * 2a]	\$ 383,609	
c. 90% of Expected MVA	\$ 350,978	
d. 110% of Expected MVA	\$ 428,974	
3. Final Expected AVA [2b, not less than 2c or greater than 2d]	\$ 383,609	\$ 389,976
4. Entry Age Liability at June 30, 2020	\$ 597,014	\$ 597,014
5. Expected Benefit Payments	\$ (53,403)	\$ (53,403)
6. Expected Interest	<u>\$ 34,242</u>	<u>\$ 34,242</u>
7. Expected Entry Age Liability at June 30, 2021	\$ 577,853	\$ 577,853
8. Projected Unfunded Actuarial Liability: (7) - (3)	\$ 194,243	\$ 187,877
9. Funded Ratio: (3) / (7)	66.4%	67.5%
10. Unfunded Actuarial Liability Amortization at Middle of Year as a Level Percentage of Payroll (5 Years Remaining) as of June 30, 2021	\$ 42,127	\$ 40,746
11. Expected Administrative Expenses for Fiscal 2021-2022	<u>\$ 1,693</u>	<u>\$ 1,693</u>
12. Total Contribution: (10) + (11)	\$ 43,820	\$ 42,439

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

SECTION VI – HEADCOUNT AND BENEFIT PAYMENT PROJECTIONS

**TABLE VI-1
Benefit Payment and Headcount Projection**

Fiscal Year Ending June 30,	Police		Fire		Total	
	Count	Benefits (in thousands)	Count	Benefits (in thousands)	Count	Benefits (in thousands)
2021	460.0	\$ 32,293	308.0	\$ 21,110	768.0	\$ 53,403
2022	445.1	\$ 32,070	292.5	\$ 20,753	737.6	\$ 52,824
2023	430.2	\$ 31,965	277.2	\$ 19,973	707.4	\$ 51,938
2024	415.5	\$ 31,815	262.1	\$ 19,019	677.5	\$ 50,834
2025	400.7	\$ 31,536	247.3	\$ 18,603	648.0	\$ 50,139
2026	385.9	\$ 31,198	233.0	\$ 18,008	618.9	\$ 49,205
2027	371.0	\$ 30,792	219.0	\$ 17,393	590.0	\$ 48,185
2028	355.9	\$ 30,311	205.5	\$ 16,760	561.4	\$ 47,071
2029	340.5	\$ 29,747	192.4	\$ 16,108	532.9	\$ 45,855
2030	324.9	\$ 29,091	179.8	\$ 15,436	504.6	\$ 44,527
2031	308.8	\$ 28,336	167.5	\$ 14,743	476.3	\$ 43,080
2032	292.4	\$ 27,478	155.5	\$ 14,027	447.9	\$ 41,506
2033	275.6	\$ 26,512	143.9	\$ 13,289	419.5	\$ 39,801
2034	258.4	\$ 25,440	132.5	\$ 12,528	390.9	\$ 37,968
2035	240.9	\$ 24,264	121.5	\$ 11,748	362.5	\$ 36,012
2036	223.3	\$ 22,992	110.8	\$ 10,951	334.1	\$ 33,943
2037	205.5	\$ 21,634	100.4	\$ 10,143	305.9	\$ 31,776
2038	187.7	\$ 20,203	90.5	\$ 9,329	278.2	\$ 29,533
2039	170.2	\$ 18,717	80.9	\$ 8,518	251.1	\$ 27,235
2040	153.0	\$ 17,194	71.8	\$ 7,717	224.8	\$ 24,911
2041	136.4	\$ 15,656	63.2	\$ 6,935	199.5	\$ 22,590
2042	120.5	\$ 14,125	55.1	\$ 6,180	175.6	\$ 20,305
2043	105.4	\$ 12,624	47.7	\$ 5,461	153.1	\$ 18,084
2044	91.3	\$ 11,172	40.9	\$ 4,783	132.3	\$ 15,955
2045	78.4	\$ 9,788	34.8	\$ 4,154	113.2	\$ 13,942
2046	66.5	\$ 8,488	29.3	\$ 3,576	95.9	\$ 12,064
2047	55.9	\$ 7,284	24.5	\$ 3,052	80.4	\$ 10,336
2048	46.5	\$ 6,185	20.3	\$ 2,582	66.7	\$ 8,767
2049	38.2	\$ 5,196	16.6	\$ 2,167	54.8	\$ 7,363
2050	31.1	\$ 4,321	13.5	\$ 1,804	44.6	\$ 6,124

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

SECTION VI – HEADCOUNT AND BENEFIT PAYMENT PROJECTIONS

**TABLE VI-1
Benefit Payment and Headcount Projection (Continued)**

Fiscal Year Ending June 30,	Police		Fire		Total	
	Count	Benefits (in thousands)	Count	Benefits (in thousands)	Count	Benefits (in thousands)
2051	25.1	\$ 3,556	10.9	\$ 1,490	36.0	\$ 5,046
2052	20.0	\$ 2,898	8.7	\$ 1,222	28.7	\$ 4,120
2053	15.8	\$ 2,338	6.9	\$ 996	22.7	\$ 3,334
2054	12.3	\$ 1,869	5.4	\$ 807	17.8	\$ 2,676
2055	9.6	\$ 1,480	4.3	\$ 650	13.8	\$ 2,130
2056	7.3	\$ 1,163	3.3	\$ 520	10.7	\$ 1,683
2057	5.6	\$ 906	2.6	\$ 415	8.1	\$ 1,321
2058	4.2	\$ 702	2.0	\$ 329	6.2	\$ 1,031
2059	3.2	\$ 540	1.5	\$ 260	4.7	\$ 800
2060	2.4	\$ 413	1.1	\$ 204	3.5	\$ 617
2061	1.8	\$ 314	0.9	\$ 159	2.6	\$ 473
2062	1.3	\$ 237	0.6	\$ 124	1.9	\$ 360
2063	0.9	\$ 177	0.5	\$ 95	1.4	\$ 272
2064	0.7	\$ 131	0.4	\$ 72	1.0	\$ 203
2065	0.5	\$ 96	0.3	\$ 54	0.7	\$ 150
2066	0.4	\$ 70	0.2	\$ 40	0.5	\$ 109
2067	0.2	\$ 49	0.1	\$ 29	0.4	\$ 78
2068	0.2	\$ 34	0.1	\$ 20	0.3	\$ 54
2069	0.1	\$ 23	0.1	\$ 14	0.2	\$ 36
2070	0.1	\$ 14	0.0	\$ 9	0.1	\$ 23
2071	0.0	\$ 8	0.0	\$ 6	0.1	\$ 14
2072	0.0	\$ 5	0.0	\$ 4	0.0	\$ 8
2073	0.0	\$ 2	0.0	\$ 2	0.0	\$ 4
2074	0.0	\$ 1	0.0	\$ 1	0.0	\$ 2
2075	0.0	\$ 0	0.0	\$ 0	0.0	\$ 1
2076	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0
2077	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0
2078	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0
2079	0.0	\$ 0	0.0	\$ 0	0.0	\$ 0

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

APPENDIX A – MEMBERSHIP INFORMATION

Summary of Participant Data as of

Active Participants	July 1, 2019			July 1, 2020		
	Police	Fire	Total	Police	Fire	Total
Number	0	0	0	0	0	0
Number Vested	0	0	0	0	0	0
Average Age	0.0	0.0	0.0	0.0	0.0	0.0
Average Service	0.0	0.0	0.0	0.0	0.0	0.0
Average Pay	\$0	\$0	\$0	\$0	\$0	\$0
Service Retirees						
Number	241	100	341	229	95	324
Average Age	75.7	80.9	77.2	76.6	81.5	78.1
Average Annual Benefit	\$76,879	\$80,605	\$77,972	\$78,850	\$81,876	\$79,737
Disabled Retirees						
Number	107	99	206	99	96	195
Average Age	75.2	76.4	75.8	75.9	77.1	76.5
Average Annual Benefit	\$73,598	\$74,879	\$74,214	\$74,864	\$75,923	\$75,385
Beneficiaries						
Number	127	124	251	132	117	249
Average Age	80.6	83.2	81.8	80.5	83.1	81.7
Average Annual Benefit	\$54,889	\$55,549	\$55,215	\$55,725	\$56,194	\$55,946
All Inactives						
Number	475	323	798	460	308	768
Average Age	76.9	80.4	78.3	77.6	80.8	78.8
Average Annual Benefit	\$70,261	\$69,231	\$69,844	\$71,356	\$70,265	\$70,919

Data pertaining to active and inactive Members and their beneficiaries as of the valuation date was supplied by the Plan Administrator.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

APPENDIX A – MEMBERSHIP INFORMATION

Changes in Plan Membership: Police

	Actives	Service Retirees	Disabled Retirees	Beneficiaries	Total
July 1, 2019	0	241	107	127	475
Retired	0	0	0	0	0
Disabled	0	0	0	0	0
Deceased	0	(12)	(8)	(6)	(26)
New Beneficiary	0	0	0	11	11
July 1, 2020	0	229	99	132	460

Changes in Plan Membership: Fire

	Actives	Service Retirees	Disabled Retirees	Beneficiaries	Total
July 1, 2019	0	100	99	124	323
Retired	0	0	0	0	0
Disabled	0	0	0	0	0
Deceased	0	(5)	(3)	(11)	(19)
New Beneficiary	0	0	0	4	4
July 1, 2020	0	95	96	117	308

Changes in Plan Membership: All

	Actives	Service Retirees	Disabled Retirees	Beneficiaries	Total
July 1, 2019	0	341	206	251	798
Retired	0	0	0	0	0
Disabled	0	0	0	0	0
Deceased	0	(17)	(11)	(17)	(45)
New Beneficiary	0	0	0	15	15
July 1, 2020	0	324	195	249	768

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

APPENDIX A – MEMBERSHIP INFORMATION

Service Retired Participants

Age	Police		Fire		Total	
	Number	Total Annual Benefit	Number	Total Annual Benefit	Number	Total Annual Benefit
< 50	0	\$0	0	\$0	0	\$0
50-54	0	\$0	0	\$0	0	\$0
55-59	0	\$0	0	\$0	0	\$0
60-64	0	\$0	0	\$0	0	\$0
65-69	23	\$1,777,267	0	\$0	23	\$1,777,267
70-74	78	\$6,276,173	21	\$1,474,645	99	\$7,750,818
75-79	80	\$5,984,336	31	\$2,606,491	111	\$8,590,827
80-84	27	\$2,080,540	13	\$1,034,257	40	\$3,114,796
85-89	11	\$1,057,010	13	\$1,153,340	24	\$2,210,350
90-94	8	\$712,274	12	\$1,159,797	20	\$1,872,071
95-99	2	\$169,124	5	\$349,694	7	\$518,818
100+	0	\$0	0	\$0	0	\$0
Total	229	\$18,056,724	95	\$7,778,223	324	\$25,834,947

Disability Retired Participants

Age	Police		Fire		Total	
	Number	Total Annual Benefit	Number	Total Annual Benefit	Number	Total Annual Benefit
< 50	0	\$0	0	\$0	0	\$0
50-54	0	\$0	0	\$0	0	\$0
55-59	0	\$0	0	\$0	0	\$0
60-64	0	\$0	0	\$0	0	\$0
65-69	3	\$216,288	8	\$564,708	11	\$780,996
70-74	50	\$3,801,265	29	\$2,011,326	79	\$5,812,591
75-79	30	\$2,137,626	34	\$2,617,554	64	\$4,755,180
80-84	11	\$831,149	16	\$1,370,309	27	\$2,201,458
85-89	5	\$425,200	4	\$304,430	9	\$729,630
90-94	0	\$0	4	\$355,113	4	\$355,113
95-99	0	\$0	1	\$65,195	1	\$65,195
100+	0	\$0	0	\$0	0	\$0
Total	99	\$7,411,529	96	\$7,288,635	195	\$14,700,164

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

APPENDIX A – MEMBERSHIP INFORMATION

Beneficiaries

Age	Police		Fire		Total	
	Number	Total Annual Benefit	Number	Total Annual Benefit	Number	Total Annual Benefit
< 50	0	\$0	0	\$0	0	\$0
50-54	0	\$0	0	\$0	0	\$0
55-59	1	\$50,602	1	\$85,277	2	\$135,879
60-64	3	\$170,562	4	\$212,960	7	\$383,522
65-69	14	\$816,499	5	\$320,391	19	\$1,136,890
70-74	27	\$1,364,399	16	\$897,233	43	\$2,261,632
75-79	29	\$1,520,104	17	\$1,013,126	46	\$2,533,230
80-84	12	\$658,412	17	\$1,016,633	29	\$1,675,045
85-89	16	\$1,086,277	22	\$1,114,420	38	\$2,200,697
90-94	24	\$1,356,037	27	\$1,479,502	51	\$2,835,539
95-99	4	\$194,177	8	\$435,205	12	\$629,382
100+	2	\$138,651	0	\$0	2	\$138,651
Total	132	\$7,355,720	117	\$6,574,747	249	\$13,930,466

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

The assumptions and methods used in the actuarial valuation as of July 1, 2020 are:

Actuarial Method

The Entry Age Normal Actuarial Cost Method is used. Under this method, the Plan’s Actuarial Liability (AL) is determined as the Present Value of Future Benefits (PVFB) less the Present Value of Future Normal Costs (PVFNC). Since all of the Plan’s members are retired, the AL and the PVFB are the same.

The excess of the AL over the Actuarial Value of Assets (AVA) is the Unfunded Actuarial Liability (UAL). In accordance with the Plan’s funding agreement with the City of Oakland, the UAL must be amortized by July 1, 2026, with contributions resuming in the 2017-2018 fiscal year. The projected fiscal year 2021-2022 contribution has been calculated using level percent of pay amortization, based on total projected City payroll for all Safety employees.

Actuarial Value of Plan Assets

In determining the recommended employer contribution to the PFRS, we use a smoothed Actuarial Value of Assets. The asset smoothing method dampens the volatility in asset values that could occur because of the fluctuations in market conditions. Use of an asset smoothing method is consistent with the long-term nature of the actuarial valuation process. Assets are assumed to be used exclusively for the provision of retirement benefits and expenses.

The Actuarial Value of Assets is equal to 100% of the *expected Actuarial Value of Assets* plus 20% of the difference between the current Market Value of Assets and the expected Actuarial Value of Assets. In no event will the Actuarial Value of Assets ever be less than 90% of the Market Value of Assets or greater than 110% of the Market Value of Assets.

The expected Actuarial Value of Assets is equal to the prior year’s Actuarial Value of Assets increased with actual contributions made, decreased with actual disbursements made, all items (prior assets, contributions, and disbursements) further adjusted with expected investment returns for the year.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

Actuarial Assumptions

The assumptions used in this report reflect the results of an experience study performed by Cheiron covering the period from July 1, 2014 through June 30, 2017 and adopted by the Board. More details on the rationale for the demographic and economic assumptions can be found in the experience analysis presented to the Board on February 28, 2018.

1. Rate of Return

The expected annual rates of return, net of investment expenses, on all Plan assets are shown in the table below. The equivalent single discount rate for these returns using the Plan’s expected projected benefit payments is 5.37%.

Benefit Payment Year	Expected Return
2020-2026	6.000%
2027	5.725%
2028	5.450%
2029	5.175%
2030	4.900%
2031	4.625%
2032	4.350%
2033	4.075%
2034	3.800%
2035	3.525%
2036+	3.250%

2. Inflation

The assumed rate of general inflation is 2.75% (entire US) and local inflation is 2.85% (Bay Area). The general inflation rate is used in the determination of the investment return assumptions. The local inflation rate is used in the determination of the growth in expenses and salaries (which determine the COLA increases).

3. Administrative Expenses

Administrative expenses for the Fiscal Year Ending June 30, 2021 are assumed to be \$1,645,600, growing at 2.85% per year.

4. Cost-of-Living Adjustments and Long-Term Salary Increases

Cost-of-living adjustments are based on salary increases for a retiree’s rank at retirement.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

The long-term rate of salary increase is assumed to be 3.25% (2.85% inflation plus 0.4% productivity). The following schedule shows salary increases based on the current Police contract that expires on June 30, 2023 and the Fire contract that expires on December 31, 2023. All increases shown after those dates are assumptions.

Post-Retirement Benefit Increases (Based on Salary Increases for Rank at Retirement)		
Date of Increase	Police	Fire
July 1, 2020	2.50%	N/A
January 1, 2021	N/A	2.50%/4.50% ¹
July 1, 2021	3.00%	1.50%
January 1, 2022	N/A	2.00%
July 1, 2022	3.50%	1.00%
July 1, 2023	3.50%	0.00%
December 1, 2023	N/A	2.00%
Annual Increases		
Starting	3.25%	3.25%
July 1, 2024		

¹ 4.50% for Fire Engineers, 2.50% for all other Fire.

5. Rates of Termination

None

6. Rates of Disability

None

7. Rates of Retirement

None

8. Rates of Mortality for Healthy Lives

CalPERS Healthy Annuitant Table from the 2012-2015 experience study, excluding the 15-year projection using 90% of Scale MP-2016.

9. Rates of Mortality for Disabled Retirees

CalPERS Industrial Disability Mortality Table from the 2012-2015 experience study, excluding the 15-year projection using 90% of Scale MP-2016.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

APPENDIX B – STATEMENT OF ACTUARIAL ASSUMPTIONS AND METHODS

10. Mortality Improvement

The mortality tables are projected to improve with MP-2017 generational mortality improvement tables, with improvements projected from a base year of 2014 (the mid-point of the CalPERS base tables).

11. Survivor Continuance

30% of disabled retirees' deaths are assumed to be related to injuries arising out of the performance of duty, entitling the surviving spouse to a 100% continuance.

12. Changes in Assumptions Since the Last Valuation

A new Memorandum of Understanding (MOU) went into effect for Fire members after the previous valuation, changing Fire retirees' Cost-of-Living Adjustments (COLAs). No other changes have been made to the actuarial assumptions.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

1. Plan Year

July 1 to June 30.

2. Membership

The Plan has been closed to new members since June 30, 1976.

3. Salary

Retirement allowances are based on the pensionable compensation attached to the average rank held during the three years immediately preceding retirement.

4. Employee Contributions

There are no active employees in the Plan, and thus no employee contributions.

5. Service Retirement

Eligibility

25 years of service, or 20 years of service and age 55, or age 65. A reduced early retirement is available with 20 years of service.

Benefit Amount

50% of Salary plus 1.67% for each additional year of service beyond that required for service retirement eligibility, to a maximum of 10 years. For retirements with less than 20 years of service, benefits are pro-rated.

6. Duty-Related Disability Retirement

Equivalent to service retirement benefit if 25 or more years of service.

7. Non-Duty Related Disability Retirement

Equivalent to service retirement benefit if age 55 is attained.

8. Post-Retirement Death Benefit

For retirees without a spouse at death, a \$1,000 lump sum is paid to designated beneficiary.

9. Cost-of-Living Adjustments

Benefit increases are based on increases in salary for rank at retirement (see above definition of Salary).

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
ACTUARIAL VALUATION REPORT AS OF JULY 1, 2020**

APPENDIX C – SUMMARY OF PLAN PROVISIONS

10. Benefit Forms

Benefit is paid for the lifetime of the member. For deaths following a service retirement or non-duty disability, a 66-2/3% continuance is paid for the lifetime of the spouse. If the member retired under a duty-related disability, a continuance of 100% is paid.

11. Changes in Plan Provisions Since the Last Valuation

None

APPENDIX D – GLOSSARY

1. Actuarial Assumptions

Assumptions as to the occurrence of future events affecting pension costs such as mortality, withdrawal, disability, retirement, changes in compensation, and rates of investment return.

2. Actuarial Cost Method

A procedure for determining the actuarial present value of pension plan benefits and expenses and for developing an allocation of such value to each year of service, usually in the form of a normal cost and an Actuarial Liability.

3. Actuarial Gain (Loss)

The difference between actual experience and that expected based upon a set of actuarial assumptions during the period between two actuarial valuation dates, as determined in accordance with a particular actuarial cost method.

4. Actuarial Liability

The portion of the Actuarial Present Value of Projected Benefits that will not be paid by future normal costs. It represents the value of the past normal costs with interest to the valuation date.

5. Actuarial Present Value (Present Value)

The value as of a given date of a future amount or series of payments. The actuarial present value discounts the payments to the given date at the assumed investment return and includes the probability of the payment being made.

6. Actuarial Valuation

The determination, as of a specified date, of the normal cost, Actuarial Liability, Actuarial Value of Assets, and related actuarial present values for a pension plan.

7. Actuarial Value of Assets

The value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

8. Actuarially Equivalent

Of equal actuarial present value, determined as of a given date, with each value based on the same set of actuarial assumptions.

APPENDIX D – GLOSSARY

9. Amortization Payment

The portion of the pension plan contribution that is designed to pay interest and principal on the Unfunded Actuarial Liability in order to pay for that liability in a given number of years.

10. Entry Age Normal Actuarial Cost Method

A method under which the Actuarial Present Value of the Projected Benefits of each individual included in an actuarial valuation is allocated on a level basis over the earnings of the individual between entry age and assumed exit ages.

11. Funded Ratio

The ratio of the Actuarial Value of Assets to the Actuarial Liabilities.

12. Normal Cost

That portion of the actuarial present value of pension plan benefits and expenses that is allocated to a valuation year by the actuarial cost method.

13. Projected Benefits

Those pension plan benefit amounts which are expected to be paid in the future under a particular set of actuarial assumptions, taking into account such items as increases in future compensation and service credits.

14. Unfunded Actuarial Liability

The excess of the Actuarial Liability over the Actuarial Value of Assets.



Classic Values, Innovative Advice

Table 1

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Administrative Budget Spent to Date (Preliminary)

As of November 30, 2020

	Approved Budget		November 2020		FYTD		Remaining		Percent Remaining	
Internal Administrative Costs										
PFRS Staff Salaries	\$	1,200,000	\$	118,813	\$	474,521	\$	725,479		60.5%
Board Travel Expenditures		52,500		-		-		52,500		100.0%
Staff Training		20,000		-		110		19,890		99.5%
Staff Training - Tuition Reimbursement		7,500		-		-		7,500		100.0%
Annual Report & Duplicating Services		4,000		-		-		4,000		100.0%
Board Hospitality		3,600		-		-		3,600		100.0%
Payroll Processing Fees		40,000		-		-		40,000		100.0%
Miscellaneous Expenditures		40,000		760		3,559		36,441		91.1%
Internal Service Fees (ISF)		88,000		-		52,005		35,995		40.9%
Contract Services Contingency		50,000		-		1,200		48,800		97.6%
Internal Administrative Costs Subtotal :	\$	1,505,600	\$	119,573	\$	531,395	\$	974,205		64.7%
Actuary and Accounting Services										
Audit	\$	45,000	\$	3,213	\$	44,054	\$	946		2.1%
Actuary		46,500		-		-		46,500		100.0%
Actuary and Accounting Subtotal:	\$	91,500	\$	3,213	\$	44,054	\$	47,446		51.9%
Legal Services										
City Attorney Salaries	\$	188,000	\$	14,297	\$	76,099	\$	111,901		59.5%
Legal Contingency		150,000		-		-		150,000		100.0%
Legal Services Subtotal:	\$	338,000	\$	14,297	\$	76,099	\$	261,901		77.5%
Investment Services										
Money Manager Fees	\$	1,353,000	\$	-	\$	246,079	\$	1,106,921		81.8%
Custodial Fee		124,000		-		29,125		94,875		76.5%
Investment Consultant		100,000		-		25,000		75,000		75.0%
Investment Subtotal:	\$	1,577,000	\$	-	\$	300,204	\$	1,276,796		81.0%
Total Operating Budget	\$	3,512,100	\$	137,082	\$	951,752	\$	2,560,348		72.90%

Table 2

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Cash in Treasury (Fund 7100) - Preliminary

As of November 30, 2020

	November 2020
Beginning Cash as of 10/31/2020	\$ 6,090,576
Additions:	
City Pension Contribution - November	\$ 3,637,333
Investment Draw	\$ 1,000,000
Misc. Receipts	-
Total Additions:	\$ 4,637,333
Deductions:	
Pension Payment (October Pension Paid on 11/1/2020)	(4,454,993)
Expenditures Paid	(209,587)
Total Deductions	\$ (4,664,580)
 Ending Cash Balance as of 11/30/2020*	 \$ 6,063,329

* On 12/1/2020, November pension payment of appx \$4,410,000 will be made leaving a cash balance of \$1,653,000

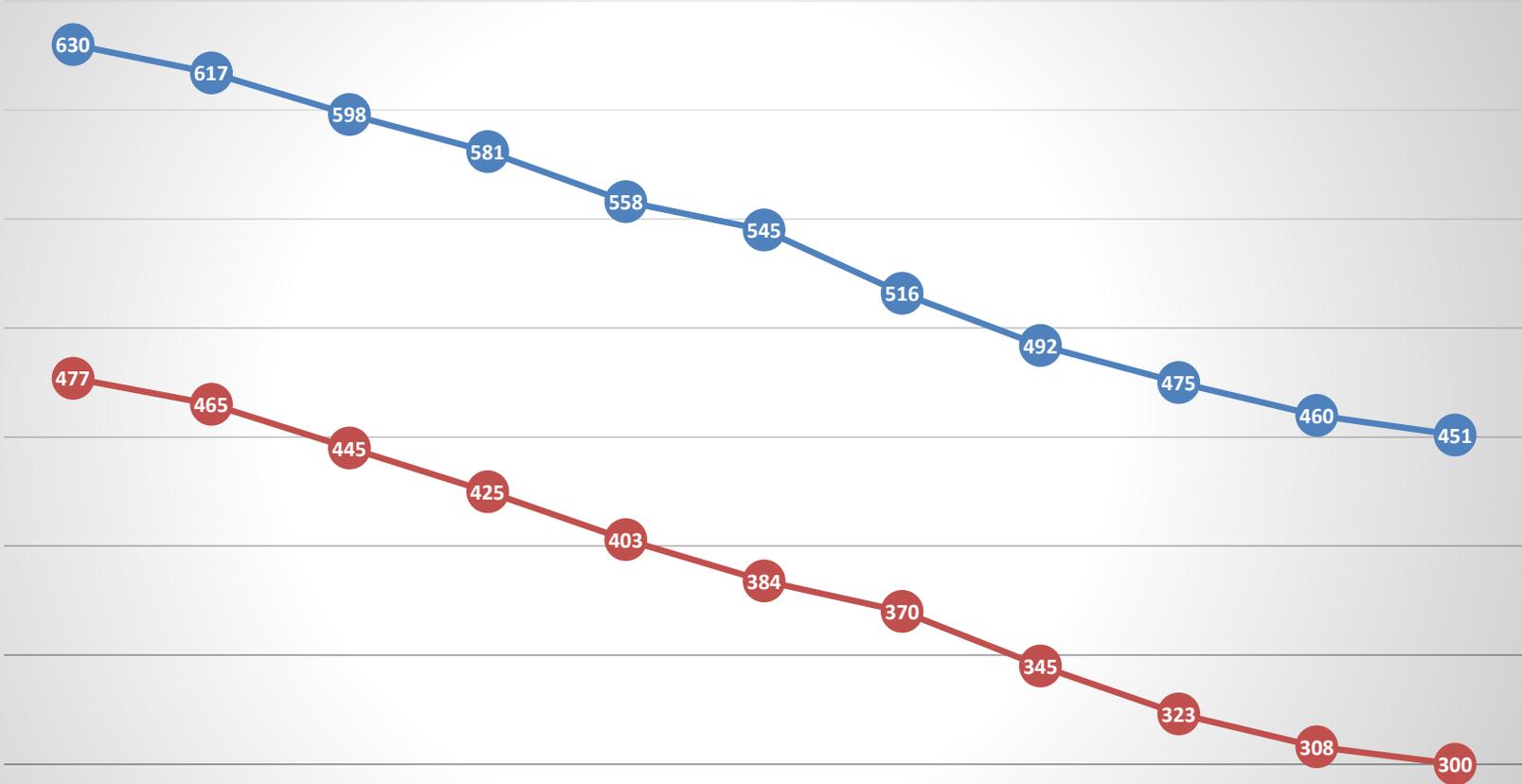
Table 3
CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Census
As of November 30, 2020

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Retiree	323	189	512
Beneficiary	128	111	239
<i>Total Retired Members</i>	451	300	751
<i>Total Membership:</i>	451	300	751

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Service Retirement	302	153	455
Disability Retirement	137	134	271
Death Allowance	12	13	25
<i>Total Retired Members:</i>	451	300	751
<i>Total Membership as of November 30, 2020:</i>	451	300	751
<i>Total Membership as of June 30, 2020:</i>	460	308	768
<i>Annual Difference:</i>	-9	-8	-17

Oakland Police and Fire Retirement System Pension Plan Membership Count As of November 30, 2020 (FY 2011 - FY 2021)



	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021 FYTD
Police	630	617	598	581	558	545	516	492	475	460	451
Fire	477	465	445	425	403	384	370	345	323	308	300
Total	1107	1082	1043	1006	961	929	886	837	798	768	751

CITY OF OAKLAND

POLICE & FIRE RETIREMENT SYSTEM



ANNUAL REPORT
Fiscal Year Ended June 30, 2020



City of Oakland

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IN MEMORIAM

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TAB DIVIDER

INTRODUCTION

TAB DIVIDER

SECTION 1

INTRODUCTION



C.D. Williams
Lieutenant of Police
Served with Oakland Police Department
1971 to 1997

LETTERS OF TRANSMITTAL

CITY OF OAKLAND



150 FRANK H. OGAWA PLAZA, SUITE 3349 · OAKLAND, CALIFORNIA 94612-2021

Finance Department
Treasury Bureau
Retirement Unit

(510) 238-3307
FAX (510) 238-7129
CA RELAY 711

December 15, 2020

Oakland City Council
1 Frank H. Ogawa Plaza
Oakland, CA 94612

Honorable Mayor Schaaf and Members of the City Council:

I am pleased to present the annual report of the Oakland Police and Fire Retirement System for the fiscal year ended June 30, 2020. Provided in this report are the Plan's Financial Information, Investment Performance, and Actuarial Valuation for the corresponding year.

The members of the Board express their appreciation to the Mayor and City Council, City Administrator, City Attorney, the various City Agencies and Departments and the members of their staff for their cooperation and assistance.

Respectfully submitted,

A handwritten signature in black ink that reads "Walter L. Johnson, Sr.".

Walter L. Johnson, Sr., President
Oakland Police and Fire Retirement System

LETTERS OF TRANSMITTAL

CITY OF OAKLAND



150 FRANK H. OGAWA PLAZA, SUITE 3349 · OAKLAND, CALIFORNIA 94612-2021

Finance Department
Treasury Bureau
Retirement Unit

(510) 238-3307
FAX (510) 238-7129
CA RELAY 711

December 29, 2020

Oakland Police and Fire Retirement Board
150 Frank H. Ogawa Plaza, Suite 3349
Oakland CA 94612

Board of Trustees:

I am pleased to present the Annual Report of the Oakland Police and Fire Retirement System for the fiscal year ended June 30, 2020.

ACCOUNTING SYSTEM

The accompanying financial statements have been prepared in compliance with the City Charter and in accordance with the accounting and reporting requirements of the Governmental Accounting Standards Board (GASB) and the reporting requirements prescribed by the Government Finance Officers' Association of the United States and Canada (GFOA).

The method for recording additions and deductions is on an accrual basis. Additions are taken into account when earned, regardless of the date of the collection, and deductions are recorded when the corresponding liabilities are incurred instead of when payment is made. Amortization of bond premiums and discounts are over the life of the investment security and actuarial reserves are funded via the entry age normal cost method.

ADDITIONS

Additions to the plan includes all income received into the Plan for the Fiscal Year. Pension Plan's sources of income include items such as contributions and investment income. Total additions for the fiscal year ended June 30, 2020 were \$50,405,965.

LETTERS OF TRANSMITTAL

This amount includes a net investment income of \$6,996,833. Net investment income includes appreciation or depreciation in fair value of investments, interest income and dividend income less investment expenses during the fiscal year. In addition, the City contributed \$43,409,000 during the fiscal year. As of June 30, 2020, all the System's members are retired.

DEDUCTIONS

Total deductions to the plan in the fiscal year ended June 30, 2020 were \$56,141,989. This amount includes deductions of \$54,619,079 for pension payments to members and qualified beneficiaries.

RESERVES AND FUNDING

The Police and Fire Retirement System most recent actuarial study values the Plan as of June 30, 2019. Details regarding this actuarial study can be found in Section 4 of this annual report.

As of the most recent actuary study dated June 30, 2019, the System's Unfunded Actuarial Liability is approximately \$261,800,000, and the System had a Funded Ratio of 61.8 percent on a Market Value of Assets (MVA) basis. During fiscal year 2020, the City of Oakland contributed \$43,410,000 to the System. The next required City contribution is projected to be approximately \$43,650,000 in FY 2020-2021.

INVESTMENTS

The Police and Fire Retirement System Investment Policy is used as a guideline for all investment activities. The Investment Policy includes an asset allocation plan. The plan consists of six asset classes: Domestic Stocks, International Stocks, Fixed Income Instruments, Credit, Covered Calls and Crisis Risk Offset (CRO). In addition, the Policy also allocates among the different investment management styles.

Total Investment Income resulted in a gain of \$6,996,833 in fiscal year 2020. The actual money-weighted annual investment return for fiscal year 2020 was 2.04%. GASB requires that investments be reported at fair value. The appreciation (depreciation) in fair value of investments held by PFRS is recorded as an increase (decrease) in investment income based on the valuation of investments at year-end.

LETTERS OF TRANSMITTAL

The historical annualized money-weighted rates of return on the portfolios are as follows:

Total Returns %			
	1 Year	3 Year	5 Year
Total Fund	2.04%	6.26%	6.31%

ACKNOWLEDGEMENTS

The compilation of this report reflects the combined efforts of the Retirement System Administration Staff, the Board of Trustees, and various professional consultants. Its intent is to provide complete and reliable information to the beneficiaries of the Plan, to serve as a basis for making management decisions, and to ensure compliance with legal provisions affecting the administration of the Plan.

Respectfully submitted,



David Jones
Plan Administrator

MEMBERS OF THE BOARD OF ADMINISTRATION



Jaime T. Godfrey
Vice President
Bank Representative



Walter L. Johnson, Sr.
President
Community Representative



John C. Speakman
Fire Department Representative



R. Steven Wilkinson
Insurance Representative

Plan Administrator
David Jones
Treasury Administrator

Legal Advisor, City of Oakland
Jennifer Logue
Supervising Attorney



Kevin R. Traylor
Police Department Representative



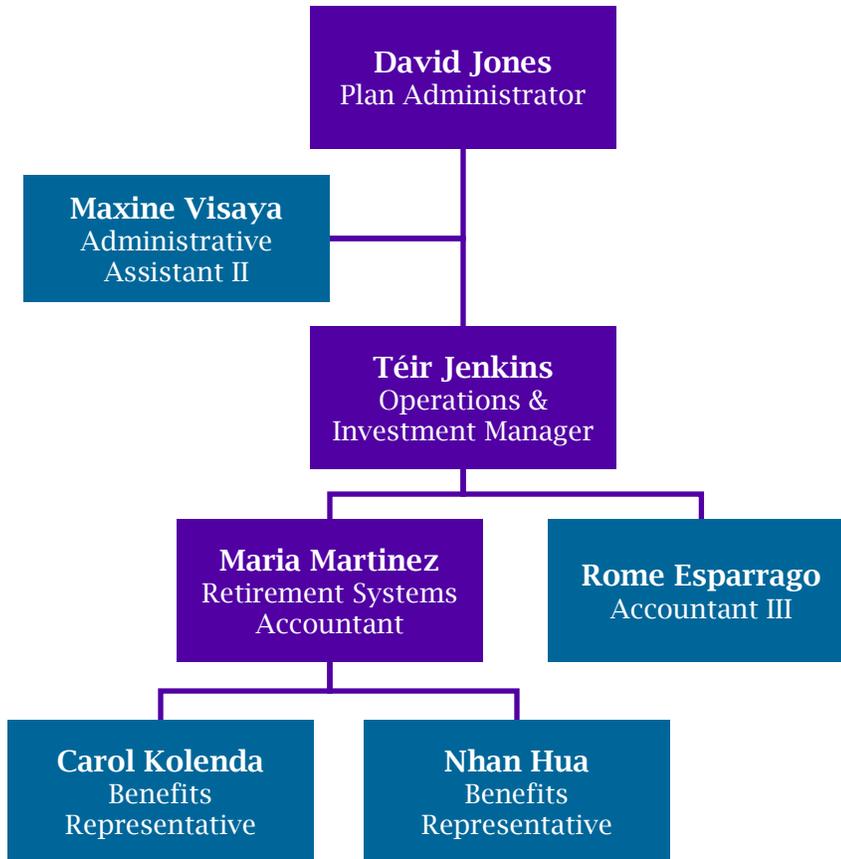
Robert Nichelini
Alternating Fire/Police Representative



Margaret O'Brien
Mayoral Designate

ADMINISTRATIVE STAFF

Retirement Unit



PROFESSIONAL SERVICES

Over the past year the Board of Administration has engaged the following consultants to assist in making investments and in developing a sound retirement plan:

Actuary	Cheiron, Inc.
Auditors	Macias Gini & O’Connell LLP
Custodial Service	The Northern Trust Company
Investment Consultant	Meketa Investment Group

A complete list of Investment Professionals is included on page 51 of this Annual Report.

BOARD MEETING INFORMATION

On-Site Meeting Location 1 Frank H. Ogawa Plaza, Oakland, CA 94612

Virtual Meeting Zoom Webinar

Date Last Wednesday of each month

For more information, visit our website at www.oaklandca.gov.

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TAB DIVIDER

FINANCIAL

TAB DIVIDER

SECTION 2

FINANCIAL



Blaine Banks
Engineer of Fire Department
Served with Oakland Fire Department
1972 to 1992

Independent Auditor's Report

For The Years Ended June 30, 2020 and 2019



Certified
Public
Accountants

Independent Auditor's Report

Board of Administration
Oakland Police and Fire Retirement System
Oakland, California

We have audited the accompanying financial statements of the Oakland Police and Fire Retirement System (System), a pension trust fund of the City of Oakland, California (City), as of and for the years ended June 30, 2020 and 2019, and the related notes to the financial statements, which collectively comprise the System's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the System as of June 30, 2020 and 2019, and the changes in financial position thereof for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Macias Gini & O'Connell LLP
2121 N. California Boulevard, Suite 750
Walnut Creek, CA 94596

www.mgocpa.com

Independent Auditor's Report

For The Years Ended June 30, 2020 and 2019

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in the employer's net pension liability and related ratios, the schedule of employer contributions, and the schedule of investment returns as listed in the table of contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audits were conducted for the purpose of forming an opinion on the System's basic financial statements. The introduction section, investment section, and actuarial section as listed in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. These sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on them.

Macias Gini & O'Connell LLP

Walnut Creek, California
November 23, 2020

Management's Discussion & Analysis (Unaudited)

As management of the Oakland Police and Fire Retirement System (System), we offer readers of the System's financial statements this narrative overview and analysis of the financial activities of the System for the fiscal years ended June 30, 2020 and 2019. We encourage readers to consider the information presented here in conjunction with the System's financial statements that follow this section. These discussions and analyses are presented in the following sections:

- Organizational Overview and Highlights
- Financial Statement Overview
- Financial Analysis: 2020 vs. 2019
- Financial Analysis: 2019 vs. 2018
- Requests for Additional Information

ORGANIZATIONAL OVERVIEW AND HIGHLIGHTS

The City of Oakland City Charter established the System and provides for its funding. Accordingly, the System is an integral part of the City of Oakland (City) and its operations have been reported as a Pension Trust Fund in the City's basic financial statements. The System is a closed, single employer, defined benefit pension plan that provides retirement, disability and survivor benefits for eligible sworn safety employees of the City. The System serves the City's sworn employees hired prior to July 1, 1976 who have not transferred to the California Public Employees' Retirement System (CalPERS). The System is governed by a board of seven trustees: the Mayor or his/her designate, three Mayoral appointees approved by the City Council, an elected active or retired member of the Police Department, an elected active or retired member from the Fire Department, and an elected member position which alternates between the Police Department and Fire Department membership. Trustees receive no compensation.

The System has been funded by periodic employee and City contributions at actuarially determined amounts sufficient to accumulate the necessary assets to pay benefits when due as specified by the City Charter, unless the Board and the City have agreed to other funding options. In accordance with the City Charter, active members hired after July 1, 1951, and prior to July 1, 1976, contribute a percentage of their earned salaries based upon entry age as determined by consulting actuaries. During the years ended June 30, 2020 and 2019, the employee contribution rates was 0% for both years. There are no active participants in the Plan as of June 30, 2020 and 2019.

Management's Discussion & Analysis

(Unaudited)

As of June 30, 2020, the total pension liability of \$604.0 million less the fiduciary net position of \$379.0 million results in a net pension liability of approximately \$225.0 million. The fiduciary net position as a percentage of the total pension liability is 62.7%.

As of June 30, 2019, the total pension liability of \$628.2 million less the fiduciary net position of \$384.7 million results in a net pension liability of approximately \$243.5 million. The fiduciary net position as a percentage of the total pension liability is 61.2%.

The System membership at June 30, 2020 is 768, which includes 519 retirees and 249 beneficiaries. The System membership at June 30, 2019 is 798, which includes 547 retirees and 251 beneficiaries. The following are the significant assumptions used to compute contribution requirements in the June 30, 2019 Actuarial Valuation Report:

- Select and ultimate rates, equal to 5.37% single equivalent investment rate of return
- 2.75% inflation rate, US
- 2.85% inflation rate, Bay Area
- 3.25% long-term post-retirement benefit increases

City contributions are based on spreading costs as a level percentage of the City's total uniform payroll to July 1, 2026. The System uses the entry age normal cost method for its disclosure and reporting. During fiscal years 2020 and 2019, the City of Oakland contributed \$43.4 million and \$44.82 million to the System. The next required City contribution is projected to be approximately \$43.65 million in FY 2020-2021.

FINANCIAL STATEMENT OVERVIEW

This annual financial report consists of three parts - management's discussion and analysis (this section), the basic financial statements and required supplementary information. The basic financial statements include *Statements of Fiduciary Net Position*; *Statements of Changes in Fiduciary Net Position*; and the *Notes to the Basic Financial Statements*.

The *Statements of Fiduciary Net Position* and the *Statements of Changes in Fiduciary Net Position* report information to assist readers in determining whether the System's finances as a whole have improved or deteriorated as a result of the year's activities.

Management's Discussion & Analysis

(Unaudited)

These statements report the net position of the System and the activities that caused the changes in the net position during the year, respectively.

The *Statements of Fiduciary Net Position* present information on all System assets and liabilities, with the difference between the two reported as net position restricted for pensions. Over time, increases or decreases in net position restricted for pensions may serve as a useful indicator of whether the financial condition of the System is improving or deteriorating.

While the *Statements of Fiduciary Net Position* provide information about the nature and amount of resources and obligations at year-end, the *Statements of Changes in Fiduciary Net Position* present the results of the System's activities during the fiscal year and information on the change in the net position restricted for pensions during the fiscal year. The *Statements of Changes in Fiduciary Net Position* measure the results of the System's investment performance as well as its additions from contributions and investment income and deductions for payment of benefits and administrative expenses. The *Statements of Changes in Fiduciary Net Position* can be viewed as indicators of the System's progress on the set goals of fully funding all current and past service costs and possessing sufficient additional resources to pay for current refunds of contributions and administrative and investment expenses.

The *Notes to the Basic Financial Statements* and *Required Supplementary Information* provide explanations and other information that is helpful to a full understanding of the data provided in the financial statements. The *Notes to the Financial Statements* and *Required Supplementary Information* are found starting on page 24 and page 47, respectively.

Management's Discussion & Analysis (Unaudited)

FINANCIAL ANALYSIS 2020 VS. 2019

Table 1 summarizes net position restricted for pensions as of June 30, 2020 and 2019:

Table 1 Statements of Fiduciary Net Position As of June 30, 2020 and 2019				
	June 30		Change	
	2020	2019	Amount	Percentage
Assets				
Cash and deposits	\$ 6,345,777	\$ 6,484,343	\$ (138,566)	-2.1%
Receivables	8,099,428	4,427,785	3,671,643	82.9%
Investments	404,700,887	420,244,755	(15,543,868)	-3.7%
Total Assets	<u>419,146,092</u>	<u>431,156,883</u>	<u>(12,010,791)</u>	-2.8%
Liabilities				
Accounts payable	8,161	15,871	(7,710)	-48.6%
Benefits payable	4,431,728	4,596,563	(164,835)	-3.6%
Investments payable	13,548,872	7,464,071	6,084,801	81.5%
Accrued investment management fees	278,835	351,847	(73,012)	-20.8%
Securities lending liabilities	21,903,806	34,017,817	(12,114,011)	-35.6%
Total liabilities	<u>40,171,402</u>	<u>46,446,169</u>	<u>(6,274,767)</u>	-13.5%
Net Position				
Restricted for pensions	<u>\$ 378,974,690</u>	<u>\$ 384,710,714</u>	<u>\$ (5,736,024)</u>	-1.5%

Net position restricted for pensions decreased \$5,736,024 from June 30, 2019 to June 30, 2020. The main sources of this decrease was from benefit payments of \$54.6 million offset by contributions of \$43.4 million and net investment income of \$7.0 million. The remaining fluctuations in receivables and investments payable are primarily due to investment trading at year-end, where the outstanding balances represent investments either sold or purchased, but not yet settled.

Management's Discussion & Analysis (Unaudited)

Table 2 summarizes changes in net position restricted for pensions for the years ended June 30, 2020 and 2019.

Table 2 Statements of Changes in Fiduciary Net Position For the Years Ended June 30, 2020 and 2019				
	June 30		Change	
	2020	2019	Amount	Percentage
Additions				
Contributions	\$ 43,409,000	\$ 44,821,000	\$ (1,412,000)	-3.2%
Net investment income	6,996,833	21,551,868	(14,555,035)	-67.5%
Other additions	132	19,949	(19,817)	-99.3%
Total additions	<u>50,405,965</u>	<u>66,392,817</u>	<u>(15,986,852)</u>	-24.1%
Deductions				
Benefits to members and beneficiaries	54,619,079	56,212,013	(1,592,934)	-2.8%
Administrative expenses	<u>1,522,910</u>	<u>1,446,361</u>	<u>76,549</u>	5.3%
Total deductions	<u>56,141,989</u>	<u>57,658,374</u>	<u>(1,516,385)</u>	-2.6%
Changes in net position	(5,736,024)	8,734,443	(14,470,467)	165.7%
Net position restricted for pensions				
Beginning of year	<u>384,710,714</u>	<u>375,976,271</u>	<u>8,734,443</u>	2.3%
End of year	<u>\$ 378,974,690</u>	<u>\$ 384,710,714</u>	<u>\$ (5,736,024)</u>	-1.5%

During fiscal year 2020, the City of Oakland contributed \$43.4 million to the System. In addition, the System's net investment income for the year ended June 30, 2020 was \$6,996,833, mainly due to net appreciation in fair value of the investment portfolio as a result of returns on investments. The time-weighted annual returns for the year ended June 30, 2020 was 2.3%, compared to a benchmark return of 4.6% and an actuarial expected rate of return of 5.37%.

Management's Discussion & Analysis (Unaudited)

FINANCIAL ANALYSIS 2019 VS. 2018

Table 3 summarizes net position restricted for pensions as of June 30, 2019 and 2018.

Table 3				
Statements of Fiduciary Net Position				
As of June 30, 2019 and 2018				
	<u>June 30</u>		<u>Change</u>	
	2019	2018	Amount	Percentage
Assets				
Cash and deposits	\$ 6,484,343	\$ 7,821,078	\$ (1,336,735)	-17.1%
Receivables	4,427,785	6,288,527	(1,860,742)	-29.6%
Investments	420,244,755	415,917,756	4,326,999	1.0%
Total Assets	<u>431,156,883</u>	<u>430,027,361</u>	<u>1,129,522</u>	0.3%
Liabilities				
Accounts payable	15,871	94,654	(78,783)	-83.2%
Benefits payable	4,596,563	4,608,511	(11,948)	-0.3%
Investments payable	7,464,071	5,188,668	2,275,403	43.9%
Accrued investment management fees	351,847	343,919	7,928	2.3%
Securities lending liabilities	34,017,817	43,815,338	(9,797,521)	-22.4%
Total liabilities	<u>46,446,169</u>	<u>54,051,090</u>	<u>(7,604,921)</u>	-14.1%
Net position				
Restricted for pensions	<u>\$ 384,710,714</u>	<u>\$ 375,976,271</u>	<u>\$ 8,734,443</u>	2.3%

Net position restricted for pensions increased \$8,734,443 from June 30, 2018 to June 30, 2019. The main sources of this increase were from pension contribution payments from the City of Oakland of \$44.82 million. The remaining fluctuations in receivables and investments payable are primarily due to investment trading at year-end, where the outstanding balances represent investments either sold or purchased, but not yet settled.

Management's Discussion & Analysis

(Unaudited)

Table 4 summarizes changes in net position restricted for pensions for the years ended June 30, 2019 and 2018.

Table 4				
Statements of Changes in Fiduciary Net Position				
For the Years Ended June 30, 2019 and 2018				
	June 30		Change	
	2019	2018	Amount	Percentage
Additions				
Contributions	\$44,821,000	\$ 44,860,000	\$(39,000)	-0.1%
Net investment income	21,551,868	35,435,113	(13,883,245)	-39.2%
Other additions	19,949	20,307	(358)	-1.8%
Total additions	<u>66,392,817</u>	<u>80,315,420</u>	<u>(13,922,603)</u>	-17.3%
Deductions				
Benefits to members and beneficiaries	56,212,013	55,998,595	213,418	0.4%
Administrative expenses	1,446,361	1,490,486	(44,125)	-3.0%
Other expenses	-	52,926	(52,926)	100.0%
Total deductions	<u>57,658,374</u>	<u>57,542,007</u>	<u>(116,367)</u>	0.2%
Changes in net position	8,734,443	22,773,413	(14,038,970)	-61.6%
Net position restricted for pensions				
Beginning of year	<u>375,976,271</u>	<u>353,202,858</u>	<u>22,773,413</u>	6.4%
End of year	<u>\$384,710,714</u>	<u>\$375,976,271</u>	<u>\$8,734,443</u>	2.3%

During fiscal year 2019, the City of Oakland contributed \$44.82 million to the System. In addition, the System's net investment income for the year ended June 30, 2019 was \$21,551,868, mainly due to net appreciation in fair value of the investment portfolio as a result of robust returns on investments. The time-weighted annual returns for the year ended June 30, 2019 was 6.2%, compared to a benchmark return of 5.5% and an actuarial expected rate of return of 5.44%.

Management's Discussion & Analysis (Unaudited)

REQUESTS FOR ADDITIONAL INFORMATION

This financial report is designed to provide a general overview of the System's finances and to account for the money that the System receives. Questions concerning any of the information provided in this report or requests for additional information should be addressed to:

**Retirement System
City of Oakland
150 Frank H Ogawa Plaza, Suite 3349
Oakland, CA 94612**

Financial Statements

Oakland Police and Fire Retirement System Statements of Fiduciary Net Position June 30, 2020 and 2019

	2020	2019
Assets		
Cash and Cash Equivalents	\$ 6,345,777	\$ 6,484,343
Receivables:		
Interest Receivable	720,730	756,150
Dividends Receivable	122,028	128,434
Investments Receivable	7,005,167	2,542,199
Retired Members and Beneficiaries	137,530	867,195
Miscellaneous	113,973	133,807
Total Receivables	<u>8,099,428</u>	<u>4,427,785</u>
Investments, at Fair Value:		
Short-Term Investments	14,097,351	12,579,526
Bonds	123,135,071	120,250,504
Domestic Equities and Mutual Funds	157,386,763	151,450,528
International Equities and Mutual Funds	44,599,350	46,731,155
Alternative Investments	43,589,826	55,212,879
Foreign Currency Contracts, Net	(20,041)	-
Securities Lending Collateral	21,912,567	34,020,163
Total Investments	<u>404,700,887</u>	<u>420,244,755</u>
Total Assets	<u>419,146,092</u>	<u>431,156,883</u>
Liabilities		
Accounts Payable	8,161	15,871
Benefits Payable	4,431,728	4,596,563
Investments Payable	13,548,872	7,464,071
Investment Management Fees Payable	278,835	351,847
Securities Lending Liabilities	21,903,806	34,017,817
Total Liabilities	<u>40,171,402</u>	<u>46,446,169</u>
Net Position Restricted for Pensions	<u>\$ 378,974,690</u>	<u>\$ 384,710,714</u>

See accompanying notes to basic financial statements.

Financial Statements

Oakland Police and Fire Retirement System Statements of Changes in Fiduciary Net Position Years Ended June 30, 2020 and 2019

	2020	2019
Additions		
Contributions from the City	\$ 43,409,000	\$ 44,821,000
Investment Income:		
Net Appreciation in Fair Value of Investments	677,414	16,624,371
Interest	4,598,569	3,736,667
Dividends	2,775,312	2,431,327
Less: Investment Expenses	<u>(1,173,450)</u>	<u>(1,333,048)</u>
Net Appreciation in Fair Value of Investments	<u>6,877,845</u>	<u>21,459,317</u>
Securities Lending Income:		
Securities Lending Earnings	521,009	937,736
Securities Lending Expenses	<u>(402,021)</u>	<u>(845,185)</u>
Net Securities Lending Income	<u>118,988</u>	<u>92,551</u>
Net Investment Income	6,996,833	21,551,868
Claims and Settlements	132	13,856
Other Income	<u>-</u>	<u>6,093</u>
Total Additions	<u>50,405,965</u>	<u>66,392,817</u>
Deductions		
Benefits to Members and Beneficiaries:		
Retirement	33,125,069	34,238,470
Disability	19,696,369	20,160,033
Death	<u>1,797,641</u>	<u>1,813,510</u>
Total Benefits to Members and Beneficiaries	54,619,079	56,212,013
Administrative Expenses	<u>1,522,910</u>	<u>1,446,361</u>
Total Deductions	<u>56,141,989</u>	<u>57,658,374</u>
Change in Net Position	(5,736,024)	8,734,443
Net Position Restricted for Pensions		
Beginning of Year	<u>384,710,714</u>	<u>375,976,271</u>
End of Year	<u>\$ 378,974,690</u>	<u>\$ 384,710,714</u>

See accompanying notes to basic financial statements.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

1. Description of the Oakland Police and Fire Retirement System

The Oakland Police and Fire Retirement System (System) is a closed, single-employer defined benefit pension plan (Plan) established by the City of Oakland (City) Charter. The System is governed by a board of seven trustees (Board); the City Mayor or his/her designate, three Mayoral appointees approved by the City Council, an elected active or retired member of the Police Department, an elected active or retired member from the Fire Department, and an elected member position which alternates between the Police Department and Fire Department membership. Trustees receive no compensation. As a result of a City Charter amendment, known as Measure R approved by the electorate on June 8, 1976, membership in the Plan is limited to uniformed employees hired prior to July 1, 1976.

The System is exempt from the regulations of the Employee Retirement Income Security Act of 1974. The System is also exempt from federal and California income taxes.

The System is considered to be a part of the City's financial reporting entity and is included in the City's basic financial statements as a pension trust fund. The financial statements of the System are intended to present only the plan net position and changes in plan net position of the System. They do not purport to, and do not, present fairly the financial position of the City as of June 30, 2020 and 2019, and the changes in its financial position for the years then ended in conformity with accounting principles generally accepted in the United States of America. The City's basic financial statements can be obtained from Finance Department, Controller's Bureau, City of Oakland, 150 Frank H. Ogawa Plaza, Suite 6353; Oakland, California 94612.

a) System Membership

At June 30, 2020 and 2019, the System membership consisted of only retirees and beneficiaries. The System's membership is as follows:

Retirees and beneficiaries currently receiving benefits		
	2020	2019
Police	460	475
Fire	308	323
Total	768	798

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

b) Basic Benefit Provisions

The City Charter establishes plan membership, contribution, and benefit provisions. The System provides that any member who completes at least 25 years of service, regardless of age, or completes 20 years of service and attains age 55, or has attained age 65, is eligible for retirement benefits. The basic retirement allowance equals 50% of the compensation attached to the average rank held during the three years immediately preceding retirement, plus an additional allowance of 1 and 2/3% of such compensation for each year of service (up to ten) subsequent to (a) qualifying for retirement and (b) July 1, 1951. However, any member retiring at age 65 with less than 20 years of service shall receive a reduced retirement allowance based upon the number of years of service. A member is eligible for early retirement benefits after 20 to 24 years of service with a retirement allowance based upon 40% to 48% of the compensation attached to the average rank held during the three years preceding retirement. Additionally, a member with 10 to 19 years of service may retire and, on or after the 25th anniversary of his/her date of employment may receive a retirement allowance based upon 20% to 38% of the compensation attached to the average rank held during the three years preceding retirement.

The System also provides for various death, disability, and survivors' benefits. Death and disability benefits are paid to eligible members who became disabled or passed away prior to retirement. If the member's death or disability is duty related, then the surviving spouse or member is paid a pension equivalent to an immediate service retirement. The duty related death or disability pension is paid at a level no less than 50% of the pay attached to the rank. If a death occurs after retirement, then a one-time payment of \$1,000 is paid to the member's designated beneficiary.

After retirement, members receive benefits based on a fixed monthly dollar amount. Pension amounts change based on changes to the compensation attached to the average rank. Upon a retiree's death, benefits are continued to an eligible surviving spouse at a two-thirds level for service and non-duty disabled retirees and at a 100% level for retirements for duty disability.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

2. Summary of Significant Accounting Policies

a) Basis of Presentation

The financial statements are prepared in accordance with U.S. generally accepted accounting principles as applicable to governmental organizations. The System adheres to the reporting requirements established by the Governmental Accounting Standards Board (GASB).

b) Measurement Focus and Basis of Accounting

The financial statements are prepared on a flow of economic resources measurement focus using the accrual basis of accounting. Contributions are recognized in the period in which the contributions are due pursuant to formal commitments as well as statutory or contractual requirements, and benefits and refunds are recognized when payable under plan provisions.

c) Methods Used to Value Investments

Investments are reported at fair value. Securities traded on a national or international exchange are valued at the last reported sales price at current exchange rates. Investments that do not have an established market are reported at estimated fair values based on the net asset value as determined by the fund manager based on quoted market prices of fund holdings or values provided by the custodian or the applicable money manager. Purchases and sales of investments are recorded on a trade date basis.

d) Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

3. Contributions

In accordance with the City Charter, active members hired after July 1, 1951, and prior to July 1, 1976, contribute a percentage of their earned salaries based upon entry age as determined by consulting actuaries. During the years ended June 30, 2020 and 2019, there were no employee contributions as there are no active employees in the Plan.

Notes to Basic Financial Statements

For Years Ended June 30, 2019 and 2018

In March 1997, the City issued pension obligation bonds and deposited \$417 million into the System to pay the City's contributions through June 2011. In accordance with an agreement entered into at the time the pension obligation bonds were issued in 1997, the City was not expected to contribute until July 2011. In the year ended June 30, 2005, the City transferred excess proceeds of \$17.7 million from the Oakland Joint Powers Financing Authority Refunding Revenue 2005 Series B Bond to fund a portion of the City's future obligation to the System.

Effective July 1, 2011, the City resumed contributing to the System. The City contributed \$45.5 million in the year ended June 30, 2012. Using the current actuarial cost method, these contributions are based on spreading costs as a level percentage of all uniformed employees' compensation through June 30, 2026. Budgeted administrative expenses are included in the City contribution rates. The City must contribute, at a minimum, such amounts as are necessary, on an actuarial basis, to provide assets sufficient to meet benefits to be paid to plan members.

On July 30, 2012, the City contributed \$210 million to the System. As a result of a funding agreement entered into between the System's Board and the City no additional contributions were required until July 1, 2017. The City resumed contributions to the System on July 1, 2017. The City contributed \$43.41 million and \$44.82 million in the years ended June 30, 2020 and 2019, respectively. The next required contribution for fiscal year 2021 is \$43.65 million.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

4. Cash, Deposits and Investments

a) Investment Policy

The System's investment policy authorizes investment in U.S. equities, international equities, U.S. fixed income instruments including U.S. Treasury notes and bonds, government agency mortgage backed securities, U.S. corporate notes and bonds, collateralized mortgage obligations, Yankee bonds and non-U.S.-issued fixed income securities denominated in foreign currencies. The System's investment portfolio is managed by external investment managers, except for the bond iShares which are managed internally. During the years ended June 30, 2020 and 2019, the number of external investment managers was twelve and twelve, respectively.

The System investments are also restricted by the City Charter. In November 2006, City voters passed Measure M to amend the City Charter to allow the System's Board to invest in non-dividend paying stocks and to change the asset allocation structure from 50% equities and 50% fixed income to the Prudent Person Standard as defined by the California Constitution.

The System's Investment Policy limits fixed income investments to a maximum average duration of 10 years and a maximum remaining term to maturity (single issue) at purchase of 30 years, with targeted portfolio duration of between 3 to 8 years and targeted portfolio maturity of 15 years. The System's investment policy allows the fixed income managers to invest in fixed income instruments and some exposure to investments below an investment grade rating of B- or higher, as long as the portfolio maintains an average credit quality of BBB (investment grade using Standard & Poor's, Moody's or Fitch ratings).

The System's investment policy states that investments in securities known as collateralized mortgage obligations (CMOs) shall be limited to a maximum of 20% of a broker account's fair value with no more than 5% in any one issue. CMOs are mortgage-backed securities that create separate pools of pass-through rates for different classes of bondholders with varying maturities. The fair values of CMOs are considered sensitive to interest rate changes because they have embedded options.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

The Investment Policy allows for each fixed income asset manager to have a maximum of 10% of any single security investment in their individual portfolios with the exception of U.S. government securities, which is allowed to have a maximum of 25% in each manager's portfolio.

The following was the Board's adopted asset allocation policy as of June 30, 2020 and 2019:

Target Allocation		
Asset Class	June 30, 2020	June 30, 2019
Fixed Income	21%	21%
Credit	2	2
Covered Calls	5	5
Domestic Equity	40	40
International Equity	12	12
Crisis Risk Offset	20	10
Total	100%	100%

The Board's target allocation does not include cash and cash equivalents, which are designated for approved administrative budget purposes.

b) Concentrations

GASB Statement No. 67 requires the disclosure of investments in any one organization that represent 5 percent or more of the System's fiduciary net position. As of June 30, 2020, the System's investments in securities issued by the Northern Trust Russell 100 Growth Index Fund and by Vanguard represented 24.0% and 8.9% of its fiduciary net position, respectively. As of June 30, 2019, the System's investments in the Northern Trust Russell 1000 Growth Index Fund and the Parametric Research Affiliates Systematic U.S. Fund represented 22.5% and 6.3%, respectively, of its fiduciary net position .

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

c) Rate of Return

The money-weighted rate of return is a measure of the rate of return for an asset or portfolio of assets that incorporates the size and timing of cash flows. For the years ended June 30, 2020 and 2019, the annual money-weighted rates of return on pension plan investments, net of pension plan investment expenses, were 2.04% and 6.10%, respectively.

d) Cash and Cash Equivalents

As of June 30, 2020 and 2019, cash and cash equivalents consisted of cash in treasury held in the City's cash and investment pool as well as cash deposits held in bank and with a custodian. Funds in the City Treasury are invested according to the investment policy adopted by the City Council. Interest earned in the City Treasury is allocated monthly to all participants based on the average daily cash balance maintained by the respective funds. Information regarding the characteristics of the entire investment pool can be found in the City's June 30, 2020 and 2019 basic financial statements. As of June 30, 2020 and 2019, the System's share of the City's investment pool totaled \$6,340,768 and \$6,471,696, respectively. The System also had cash not included in the City's investment pool. As of June 30, 2020 and 2019, the System's cash and cash deposits not held in the City's investment pool totaled \$5,009 and \$12,647, respectively.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

e) Hierarchy of Inputs

The System categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs.

The System has the following recurring fair value measurements as of June 30, 2020:

Recurring Fair Value Measurements			
	2020		
	Level One	Level Two	Total
Investments by fair value level:			
Short-Term Investments	\$ -	\$ 6,023,223	\$ 6,023,223
Bonds	14,422,008	100,740,951	115,162,959
Domestic Equities and Mutual Funds	66,325,124	-	66,325,124
International Equities and Mutual Funds	44,599,350	-	44,599,350
Alternative Investments	27,764,888	-	7,764,888
	<u>\$153,111,370</u>	<u>\$ 106,764,174</u>	<u>\$ 259,875,544</u>
Investments measured at net asset value (NAV)			
Short-Term Investment Funds			8,074,128
Fixed Income Funds			7,972,112
Domestic Equities and Mutual Funds			91,061,639
Hedge Fund			15,824,938
Foreign Currency Contracts, Net			(20,041)
Securities Lending Collateral - Short-Term Investment Fund			21,912,567
Total investments measured at NAV			<u>144,825,343</u>
Total investments measured at fair value			<u>\$404,700,887</u>

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

The System has the following recurring fair value measurements as of June 30, 2019:

Recurring Fair Value Measurements As of June 30 2019				
	2018			Total
	Level One	Level Two	Level Three	
Investments by fair value level:				
Short-Term Investment Funds	\$ -	\$ 2,485,991	\$ -	\$ 2,485,991
Bonds	13,419,178	98,870,991	-	112,290,169
Domestic Equities and Mutual Funds	64,821,686	-	-	64,821,686
International Equities and Mutual Funds	33,045,062	-	1,656	33,046,718
Alternative Investments	30,912,896	-	-	30,912,896
Total investments by fair value level	<u>\$ 142,198,822</u>	<u>\$ 101,356,982</u>	<u>\$ 1,656</u>	<u>\$ 243,557,460</u>
Investments measured at net asset value (NAV):				
Short-Term Investments				10,093,535
Fixed Income Funds				7,960,335
Domestic Equities and Mutual Funds				86,628,842
International Equities and Mutual Funds				13,684,437
Securities Lending Collateral - Short-Term Investment Fund				24,299,983
Total investments measured at NAV				<u>34,020,163</u>
Total investments measured at fair value				<u>\$420,244,755</u>

Investments measured at NAV represent commingled funds where fair value is measured based on the System's pro rata share of the total NAV. As of June 30, 2020, the System's hedge fund investment has monthly liquidity with a notice period of 5 days. As of June 30, 2019, the System's hedge fund investment has monthly liquidity with a notice period of 5 days.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

f) Interest Rate Risk

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. As described previously, the System's Investment Policy limits fixed income investments to a maximum average duration of 10 years and a maximum remaining term to maturity (single issue) at purchase of 30 years, with targeted portfolio duration of between 3 to 8 years and targeted portfolio maturity of 15 years. The weighted average duration for the System's fixed income investment portfolio excluding fixed income short-term investments, foreign currency contracts, and securities lending investments was 7.69 years as of June 30, 2020, and 6.92 years as of June 30, 2019.

The following summarizes the System's fixed income investments by category as of June 30, 2020 and 2019:

Short Term Investment Duration				
Investment Type	2020		2019	
	Fair Value	Modified Duration (Years)	Fair Value	Modified Duration (Years)
Short-Term Investment Funds	\$8,074,128	n/a	\$12,579,526	n/a
U.S. Treasury Bills	6,023,223	0.21	None	n/a
Foreign Currency Exchange Contracts, Net	(20,041)	n/a	None	n/a

Long-Term Investment Duration				
Investment Type	2020		2019	
	Fair Value	Modified Duration (Years)	Fair Value	Modified Duration (Years)
Fixed Income Investments				
U.S. Government Bonds				
U.S. Treasuries	\$ 8,153,603	8.03	\$ 18,478,407	6.42
Government Agencies	39,171,830	7.23	34,766,352	7.45
Total U.S. Government Bonds	47,325,433		53,244,759	
Corporate and Other Bonds				
Corporate Bonds	75,809,638	7.89	67,005,745	6.79
Total Fixed Income Investments	\$ 123,135,071	7.69	\$120,250,504	6.92
Securities Lending	\$ 21,912,567		\$34,020,163	

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

g) Fair Value Highly Sensitive to Change in Interest Rates

The terms of a debt investment may cause its fair value to be highly sensitive to interest rate changes. The System has invested in CMOs, which are mortgage-backed bonds that pay pass-through rates with varying maturities. The fair values of CMOs are considered sensitive to interest rate changes because they have embedded options, which are triggers related to quantities of delinquencies or defaults in the loans backing the mortgage pool. If a balance of delinquent loans reaches a certain threshold, interest and principal that would be used to pay junior bondholders is instead directed to pay off the principal balance of senior bondholders, shortening the life of the senior bonds.

The following are the System's investments in CMOs at June 30, 2020:

Investments in CMOs at June 30, 2020				
Investment Type	Weighted Average Coupon Rate	Weighted Average Maturity (Years)	Fair Value	Percent of Total Investments Fair Value
Mortgage-backed securities	3.07%	23.76	\$27,010,178	6.67%

The following are the System's investments in CMOs at June 30, 2019:

Investments in CMOs at June 30, 2019				
Investment Type	Weighted Average Coupon Rate	Weighted Average Maturity (Years)	Fair Value	Percent of Total Investments Fair Value
Mortgage-backed securities	3.88%	25.76	\$26,460,818	6.30%

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

h) Credit Risk

Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligation.

The following provides information concerning the credit risk of fixed income securities as of June 30, 2020 and 2019:

Short-Term Investment Ratings				
Investment Type	2020		2019	
	S&P Moody's/ Fitch Rating	Fair Value	S&P Moody's/ Fitch Rating	Fair Value
Short-Term Investment Funds	Not Rated	\$8,074,128	Not Rated	\$12,579,526
U.S. Treasury Bills	AAA	6,023,223	N/A	None
Foreign Currency Exchange Contracts, Net	Not Rated	(20,041)	N/A	None

Long-Term Investment Ratings				
S&P / Moody's Rating	2020		2019	
	Fair Value	Percentage of Total Fair Value	Fair Value	Percentage of Total Fair Value
AAA/Aaa	\$ 48,352,450	39.3%	\$ 41,409,989	34.44%
AA/Aa	26,839,048	21.8%	28,801,312	23.95%
A/A	16,270,507	13.2%	13,190,791	10.97%
BBB/Baa	22,504,035	18.3%	14,583,850	12.13%
BB/Ba	1,388,389	1.1%	885,050	0.74%
B/B	313,940	0.3%	-	0%
CCC/CCC	7,466,702	6.0%	-	0%
Unrated	-	-	21,379,513	17.77%
	<u>\$ 123,146,717</u>	<u>100.00%</u>	<u>\$120,250,504</u>	<u>100.00%</u>

Securities Lending Ratings		
S&P / Moody's Rating	2020 Fair Value	2019 Fair Value
Not Rated	\$ 21,912,567	\$ 34,020,163

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

i) Custodial Credit Risk

Custodial credit risk is the risk that, in the event of a failure of a depository financial institution or counterparty to a transaction, there will be an inability to recover the value of deposits, investments, or collateral securities in the possession of an outside party.

The California Government Code requires that governmental securities or first trust deed mortgage notes be used as collateral for demand deposits and certificates of deposit at 110 percent and 150 percent, respectively, of all deposits not covered by federal deposit insurance. As the City holds cash and certificates of deposit on behalf of the System, the collateral must be held by the pledging financial institution's trust department and is considered held in the City's name. For all other System deposits, the collateral must be held by the pledging financial institution's trust department and is considered held in the System's name.

The City, on behalf of the System, does not have any funds or deposits that are not covered by depository insurance, which are either uncollateralized, collateralized with securities held by the pledging financial institution, or collateralized with securities held by the pledging financial institution's trust department or agent, but not in the City's name. The System does not have any investments that are not registered in the name of the System and are either held by the counterparty or the counterparty's trust department or agent but not in the System's name.

j) Foreign Currency Risk

Foreign currency risk is the risk that changes in foreign exchanges rates will adversely affect the fair values of an investment or deposit. Currency hedging is allowed under the System's investment policy for defensive purposes only. The investment policy limits currency hedging to a maximum of 25% of the portfolio value.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

The following summarizes the System's investments denominated in foreign currencies as of June 30, 2020 and 2019:

Investments Denominated in Foreign Currencies		
As of June 30, 2020 and 2019		
Foreign Currency	Fair Value	
	June 30, 2020	June 30, 2019
Australian Dollar	\$ 1,165,827	\$ 726,669
Brazilian Real	684,785	-
British Pound	2,900,002	3,881,313
Canadian Dollar	2,916,358	190,691
Danish Krone	108,321	1,046,692
Euro	5,257,480	9,930,129
Hong Kong Dollar	2,540,943	2,806,718
Indonesian Rupiah	179,056	336,856
Japanese Yen	5,606,895	4,060,244
Mexican Peso	652,060	620,720
New Israeli Shekel	270,619	-
Norwegian Krone	158,176	173,665
Singapore Dollar	506,973	330,028
South African Rand	254,493	-
Swedish Krona	837,087	448,360
Swiss Franc	2,093,668	1,512,860
Turkish Lira	612,927	-
Total	<u>\$ 26,745,670</u>	<u>\$ 26,064,945</u>

k) Securities Lending Transactions

The System's investment policy authorizes participation in securities lending transactions, which are short-term collateralized loans of the System's securities to broker-dealers with a simultaneous agreement allowing the System to invest and receive earnings on the collateral received. All securities loans can be terminated on demand by either the System or the borrower, although the average term of loans is one week.

The administrator of the System's securities lending activities is responsible for maintaining an adequate level of collateral in an amount equal to at least 102% of market value of loaned U.S. government securities, common stock and other equity securities, bonds, debentures, corporate debt securities, notes, and mortgages or other obligations. Collateral received may include cash, letters of credit, or securities. The term to maturity of the loaned securities is generally not matched with the term to maturity of the investment of the said collateral. If securities collateral is received, the System cannot pledge or sell the collateral securities unless the borrower defaults.

Notes to Basic Financial Statements

For Years Ended June 30, 2019 and 2018

As of June 30, 2020 and 2019, management believes the System has minimized its credit risk exposure to borrowers because the amounts held by the System as collateral exceeded the securities loaned by the System. The System's contract with the administrator requires it to indemnify the System if the borrowers fail to return the securities (and if the collateral is inadequate to replace the securities borrowed) or fails to pay the System for income distributions by the securities' issuers while the securities are on loan.

The following summarizes investments in securities lending transactions and collateral received at June 30, 2020 and 2019:

Securities Lending as of June 30, 2020			
Investment Type	Fair Value of Loaned Securities		
	For Cash Collateral	For Non-Cash Collateral	Total
Securities on Loan for Cash Collateral			
U.S. Government and Agencies	\$ 4,674,146	\$ 5,349,244	\$10,023,390
U.S. Corporate Bonds	7,480,228	-	7,480,228
U.S. Equities	9,388,017	470,835	9,858,852
Total investments in securities lending transactions	<u>\$21,542,391</u>	<u>\$ 5,820,079</u>	<u>\$27,362,470</u>
Collateral Received	<u>\$21,903,806</u>	<u>\$ 5,913,897</u>	<u>\$27,817,703</u>

Securities Lending as of June 30, 2019			
Investment Type	Fair Value of Loaned Securities		
	For Cash Collateral	For Non-Cash Collateral	Total
Securities on Loan for Cash Collateral			
U.S. Government and agencies	\$10,531,762	\$4,119,916	\$14,651,678
U.S. Corporate bonds	5,350,565	-	5,350,565
U.S. Equities	17,536,838	635,146	18,171,984
Non-U.S. Equities	-	967,891	967,891
Total investments in securities lending transactions	<u>\$33,419,165</u>	<u>\$5,722,953</u>	<u>\$39,142,118</u>
Collateral Received	<u>\$34,017,817</u>	<u>\$5,913,897</u>	<u>\$39,931,714</u>

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

l) Derivative Instruments

The Retirement System reports its derivative instruments under the provisions of GASB Statement No. 53, *Accounting and Financial Reporting for Derivatives Instruments*. Pursuant to the requirements of this statement, the Retirement System has provided a summary of derivative instrument activities during the reporting periods presented and the related risks.

As of June 30, 2020 and 2019, the derivative instruments held by the Retirement System are considered investments and not hedges for accounting purposes. All investment derivatives are reported as investments at fair value in the statements of fiduciary net position. The gains and losses arising from this activity are recognized as incurred in the statement of changes in fiduciary net position. All investment derivatives discussed below are included within the investment risk schedules, which precede this subsection. Investment derivative instruments are disclosed separately to provide a comprehensive and distinct view of this activity and its impact on the overall investment portfolio.

Valuation methods used by the System are described in more detail in Note 2.c). The fair value of the exchange traded derivative instruments, such as futures, options, rights, and warrants are based on quoted market prices. The fair values of forward foreign currency contracts are determined using a pricing service, which uses published foreign exchange rates as the primary source. The fair values of swaps are determined by the System's investment managers based on quoted market prices of the underlying investment instruments.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

The tables below present the notional amounts, the fair values, and the related net appreciation (depreciation) in the fair value of derivative instruments that were outstanding at June 30, 2020 and 2019:

As of and for the Year Ended June 30, 2020			
Derivative Type / Contract	Notional Amount	Fair Value	Net Appreciation (Depreciation) in Fair Value
Forwards			
Foreign Currency Exchange Contracts	\$ -	\$ (20,041)	\$ -
Options			
Equity Contracts	69	(378,167)	108,759
Rights/Warrants			
Rights/Warrants	5,630	-	-
Swaps			
Credit Contracts	1,920,000	(11,645)	32,754
Total	<u>\$ 1,925,699</u>	<u>\$ (409,853)</u>	<u>\$ 141,513</u>

As of and for the Year Ended June 30, 2019			
Derivative Type / Contract	Notional Amount	Fair Value	Net Appreciation (Depreciation) in Fair Value
Options			
Equity Contracts	\$ 82	\$ (588,704)	\$ (264,482)
Swaps			
Credit Contracts	1,660,000	74,601	9,478
Total	<u>\$ 1,660,082</u>	<u>\$ (514,103)</u>	<u>\$ (255,004)</u>

Counterparty Credit Risk

The System is not exposed to credit risk on non-exchange traded derivative instruments that are in asset positions. As of June 30, 2020, the System held forward currency contracts on the amount of \$20,041. The System's counterparties to these contract held credit ratings of A or better, as assigned by one or more of the major credit rating organizations (S&P, Moody's and/or Fitch). As of June 30, 2019, the System did not hold any forward currency contracts.

Custodial Credit Risk

The custodial credit risk disclosure for exchange traded derivative instruments is made in accordance with the custodial credit risk disclosure requirements of GASB Statement No. 40. At June 30, 2020 and 2019, all of the System's investments in derivative instruments are held in the System's name and are not exposed to custodial credit risk.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

Interest Rate Risk

The tables below describe the maturity periods of the derivative instruments exposed to interest rate risk at June 30, 2020 and 2019.

Derivative Interest Rate Risk as of June 30, 2020			
Derivative Type / Contract	Fair Value	Maturities	
		Less than 1 Year	1-5 years
Forwards			
Forward Foreign Currency Exchange Contracts	\$ (20,041)	\$ (20,041)	\$ -
Options			
Equity Contracts	(378,167)	(378,167)	-
Swaps			
Credit Contracts	(11,645)	-	(11,645)
Total	\$ (389,812)	\$ (378,167)	\$ (11,645)

Derivative Interest Rate Risk as of June 30, 2019			
Derivative Type / Contract	Fair Value	Maturities	
		Less than 1 Year	1-5 years
Options			
Equity Contracts	\$ (588,704)	\$ (588,704)	\$ -
Swaps			
Credit Contracts	74,601	-	74,601
Total	\$ (514,103)	\$ (588,704)	\$ 74,601

Foreign Currency Risk

At June 30, 2020, the System is exposed to foreign currency risk on \$20,041 of its investments in forwards denominated in the Mexican peso. At June 30, 2019, the System is not exposed to foreign currency risk for its derivative instruments.

Contingent Features

At June 30, 2020 and 2019, the Retirement System held no positions in derivatives containing contingent features.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

5. Net Pension Liability

The components of the net pension liability of the City at June 30, 2020 and 2019, are as follows:

Net Pension Liabilities of the City At June 30, 2020 and 2019		
	<u>June 30, 2020</u>	<u>June 30, 2019</u>
Total pension liability	\$ 603,971,861	\$ 628,212,362
Less: Plan fiduciary net position	<u>(378,974,690)</u>	<u>(384,710,714)</u>
City's net pension liability	<u>\$ 224,997,171</u>	<u>\$ 243,501,648</u>
Plan fiduciary net position as a percentage of the total pension liability	62.7%	61.2%

a) Actuarial Method and Assumptions

The total pension liability as of June 30, 2020 was determined based on an actuarial valuation as of June 30, 2019, using the entry age normal actuarial cost method and the following actuarial assumptions, applied to all periods included in the measurement.

Actuarial Assumptions	
Investment Rate of Return	5.37%
Inflation Rate, U.S.	2.75%
Inflation Rate, Bay Area	2.85%
Long-term Post-Retirement Benefit Increases	3.25%

Measurements as of the June 30, 2020 are based on the fair value of assets as of June 30, 2020 and the total pension liability as of the valuation date, June 30, 2019, updated to June 30, 2020. There were no significant events between the valuation date and the measurement date. The update only included the addition of interest cost, offset by actual benefit payments. There are no active members of the plan, and thus no service cost.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

Mortality rates for healthy lives were based on the CalPERS Healthy Table from the 2012-2015 Experience Study, excluding the 15-year projection using 90% of Scale MP-2016. Mortality rates for disabled lives were based on the CalPERS Industrial Disability Mortality Table from the 2012-2015 Experience Study, excluding the 15-year projection using 90% of Scale MP-2016. The mortality tables are projected to improve with MP-2017 generational mortality improvement tables, with improvements projected from a base year of 2014 (the mid-point of the CalPERS base tables).

The total pension liability as of June 30, 2019 was determined based on an actuarial valuation as of June 30, 2018, updated to June 30, 2019, using the entry age normal actuarial cost method and the actuarial assumptions as described above for the June 30, 2019 valuation, except for the assumed investment rate of return was 5.44%. New Memorandums of Understanding (MOUs) went into effect for both Police and Fire members between the valuation date and the measurement date, changing both Police and Fire retirees' cost of living adjustments (COLAs). The update procedures included the changes in liability due to the new Police and Fire MOUs, and the addition of interest cost, offset by actual benefit payments. There are no active members of the Plan, and thus no service cost.

The actuarial assumptions used in the June 30, 2019 and 2018 valuations were based on the results of actuarial experience studies for the period July 1, 2014 through June 30, 2017, respectively.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimates ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target allocation percentage and by adding expected inflation.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

Best estimates of geometric real rates of return for each major class included in the pension plan's target asset allocation as of June 30, 2020 and 2019 are summarized in the following table:

Long-Term Expected Real Rate of Return		
Asset Class	June 30, 2020	June 30, 2019
Fixed Income	2.29%	3.10%
Domestic Equity	5.55	6.00
International Equity	7.69	6.80
Covered Calls	4.64	6.10
Crisis Risk Offset	3.78	4.80
Cash	1.92	2.50

b) Discount Rate

The discount rates used to measure the total pension liability were 5.37% and 5.44% as of June 30, 2020 and 2019, respectively. The projection of cash flows used to determine the discount rate assumed that the City would contribute to the Plan based on its July 1, 2012 funding agreement with the System. This agreement suspends City contributions until the fiscal year beginning July 1, 2017, after which they will resume, based upon the recommendation of the actuary, with a City Charter requirement that the Plan's liabilities be fully funded by July 1, 2026. A cash flow projection showed that the projected fiduciary net position would be greater than or equal to the benefit payments projected for each future period. Therefore, the long-term expected rate of return on Plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

c) Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate, as well as what the Plan's net pension liability would be if it were calculated using a discount rate of 1-percentage-point lower or 1-percentage-point higher than the discount rate.

City's Net Pension Liability June 30, 2020			
	1% Decrease (4.37%)	Current Discount Rate (5.37%)	1% increase (6.37%)
City's net pension liability	\$279,560,331	\$224,997,171	\$178,053,408

City's Net Pension Liability June 30, 2019			
	1% Decrease (4.44%)	Current Discount Rate (5.44%)	1% increase (6.44%)
City's net pension liability	\$301,403,454	\$243,504,648	\$193,837,313

6. Reserves

Retired Member Contribution Reserve represents the total accumulated transfers from active member contributions and investments, less payments to retired members and beneficiaries.

Employer Reserve represents the total accumulated employer contributions for retirement payments. Additions include contributions from the employer, investment earnings and other income; deductions include payments to retired members and beneficiaries and administrative expenses.

The aggregate total of the System's major reserves as of June 30, 2020 and 2019 equals net position restricted for pensions and comprises the following:

Aggregate Total of the System's Major Reserves		
	2020	2019
Retired member contribution reserve	\$ 29,205,764	\$ 31,655,922
Employer reserve	249,768,926	353,054,722
Total	\$ 378,974,690	\$ 384,710,714

Notes to Basic Financial Statements

For Years Ended June 30, 2020 and 2019

7. Administrative Expenses

The City provides the System with accounting and other administrative services. Staff salaries included in administrative expenses for the years ended June 30, 2020 and 2019 were \$1,257,550 and \$1,073,971, respectively. Other administrative expenses including accounting and audit services, legal fees, annual report and miscellaneous expense for the years ended June 30, 2020 and 2019 were \$265,360 and \$372,390, respectively.

8. Receivable from Retired Members and Beneficiaries

The City filed a lawsuit (City of Oakland v. Oakland Police and Fire Retirement System, et al., Alameda County Superior Court case number RG 11580626) in June 2011, and sought to stop the System from paying retirement benefits based on certain holidays and shift differential premium pay (7.25%) to many police retirees. The City also sought an order requiring the System to collect overpayments. The trial court ruled in favor of the City and the decision was partially upheld upon appeal. The Court of Appeal agrees that those elements were overpayments, but limited the extent to which shift differential overpayments could be recovered back from retirees.

The writ and judgment entered by the trial court after the appeals process directed the System's board to cease paying excessive holidays and the shift differential premium. In September and October 2014, the System's Board passed Resolutions No. 6819 and No. 6824 to seek 100% recovery of the combined overpayments, which totals approximately \$3.9 million. On October 28, 2015, the System's Board approved a collection methodology to recover the overpayments from police members over a 48-month period. The System began deducting these repayments from benefit disbursement commencing in June 2016. Eleven payees were granted a delayed repayment date, which commenced on May 1, 2017. Nine payees received a discharge of their debt totaling \$51,886. These actions increased fund assets by approximately \$3.3 million. As of June 30, 2020 and 2019, the receivable totaled \$0.1 million and \$0.9 million, respectively.

Required Supplementary Information

For Years Ended June 30, 2020 and 2019

Schedule of Changes in the Employer's Net Pension Liability and Related Ratios (Unaudited)

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Interest (includes interest on service cost)	\$ 36,078,037	\$ 37,621,301	\$ 44,320,094	\$ 44,931,829	\$ 42,480,394	\$ 41,262,826	\$ 42,333,496
Differences between expected and actual experience	(5,699,459)	(7,915,210)	(10,656,139)	3,027,944	6,977,470	(21,208,627)	-
Changes of assumptions	-	(1,475,030)	17,858,013	-	43,480,232	34,219,433	-
Benefit payments, including refunds of member contributions	(54,619,079)	(56,212,013)	(55,998,595)	(57,375,815)	(58,441,353)	(59,007,536)	(57,409,113)
Net change in total pension liability	(24,240,501)	(27,980,952)	(4,476,627)	(9,416,042)	34,496,743	(4,733,904)	(15,075,617)
Total pension liability – beginning	628,212,362	656,193,314	660,669,941	670,085,983	635,589,240	640,323,144	655,398,761
Total pension liability – ending (a)	<u>\$603,971,861</u>	<u>\$628,212,362</u>	<u>\$656,193,314</u>	<u>\$660,669,941</u>	<u>\$670,085,983</u>	<u>\$635,589,240</u>	<u>\$640,323,144</u>
Plan Fiduciary Net Position							
Contributions - member	\$ 43,409,000	\$ 44,821,000	\$ 44,860,000	\$ -	\$ -	\$ -	\$ 4,441
Net investment income	6,996,833	21,557,961	35,446,275	50,158,795	(1,418,645)	5,438,586	66,392,409
Benefit payments, including refunds of member contributions	(54,619,079)	(56,212,013)	(55,998,595)	(57,375,815)	(58,441,353)	(59,007,536)	(57,409,113)
Administrative expense	(1,522,910)	(1,446,361)	(1,543,412)	(1,261,641)	(1,375,749)	(985,227)	(776,112)
Claims and settlements	132	13,856	9,145	70,282	3,593,096	-	-
Net change in plan fiduciary net position	(5,736,024)	8,734,443	22,773,413	(8,408,379)	(57,642,651)	(44,554,177)	8,211,625
Plan fiduciary net position – beginning	384,710,714	375,976,271	353,202,858	361,611,237	419,253,888	463,808,065	455,596,440
Plan fiduciary net position – ending (b)	<u>\$378,974,690</u>	<u>\$384,710,714</u>	<u>\$375,976,271</u>	<u>\$353,202,858</u>	<u>\$361,611,237</u>	<u>\$419,253,888</u>	<u>\$463,808,065</u>
City's net pension liability – ending (a) – (b)	<u>\$224,997,171</u>	<u>\$243,501,648</u>	<u>\$280,217,043</u>	<u>\$307,467,083</u>	<u>\$308,474,746</u>	<u>\$216,335,352</u>	<u>\$176,515,079</u>
Plan fiduciary net position as a percentage of the total pension liability	63%	61%	57%	53%	54%	66%	72%
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Net pension liability as a percentage of covered payroll	N/A						

Note: This is a 10-year schedule. Information for additional years will be presented when available.

Required Supplementary Information

For Years Ended June 30, 2020 and 2019

Schedule of Employer Contributions (Unaudited) (dollars in millions)										
	2020	2019	2018	2017*	2016*	2015*	2014*	2013**	2012	2011
Actuarially determined contribution	\$ 43.4	\$ 44.8	\$ 44.9	N/A	N/A	N/A	\$ 20.3	\$ 34.2	\$ 45.1	\$ 41.4
Contributions in relation to the actuarially determined contribution	<u>\$ 43.4</u>	<u>\$ 44.8</u>	<u>\$ 44.9</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210.0</u>	<u>\$ 45.5</u>	<u>\$ -</u>
Contribution deficiency/(excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>N/A</u>	<u>N/A</u>	<u>N/A</u>	<u>20.3</u>	<u>\$(175.8)</u>	<u>\$(0.4)</u>	<u>\$ 41.4</u>
Covered payroll	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 0.1	\$ 0.1	\$ 0.1
Contributions as a percentage of covered payroll	N/A	N/A	N/A	N/A	N/A	N/A	N/A	210000%	45500%	0%

* Actuarially determined contributions are calculated based on the actuarial valuation one year prior to the beginning of the fiscal year. Although actuarial valuations were performed as of June 30, 2014, June 30, 2015, and June 30, 2016, the System did not determine an actuarially determined contribution for FY 2015-2017, based on the City's funding policy.

** In July 2012, the City of Oakland contributed \$210 million in Pension Obligation Bond (POB) proceeds to the Plan.

Schedule of Investment Returns (Unaudited)										
	2020	2019	2018	2017	2016	2015	2014	2013	2012	2011
Annual money-weighted rate of return net of investment expense	2.04%	6.10%	10.57%	15.57%	-0.75%	3.90%	16.40%	9.70%	1.40%	24.50%

TAB DIVIDER

INVESTMENT

TAB DIVIDER

SECTION 3

INVESTMENT



Pearl Mendoza Lucas
Widow of
Larry Lucas, Police Officer
Served with Oakland Police Department
1972 to 1998

Investment Consultant's Report



INVESTMENT GROUP

2175 NW Raleigh Street
Suite 300A
Portland, OR 97210

503.226.1050
Meketa.com

December 30, 2020

Retirement Board
City of Oakland Police and Fire Retirement System
150 Frank Ogawa Plaza, Suite: 3332
Oakland, CA 94612

Dear Board Members:

This letter reviews the investment performance of the City of Oakland Police and Fire Retirement System ("the System" or "OPFRS") for the fiscal year ended June 30, 2020. During this 12-month period, the OPFRS total investment portfolio increased 2.1% on a money-weighted, net of fees basis. The System has been effective in using its resources in a cost-effective manner to ensure that benefits continue to flow to plan participants.

Meketa serves as OPFRS' independent investment consultant. Performance data is provided by the System's custodian, Northern Trust, and is independently calculated by Meketa's performance measurement team.

A major factor influencing overall investment performance is the allocation of the OPFRS portfolio across major asset classes. As of June 30, 2020, the Covered Calls, Cash and Domestic Equity were overweight, while Fixed Income and Crisis Risk Offset, International Equity and Credit were underweight relative to policy.

Over the latest 3-year period, the OPFRS portfolio produced an annualized money-weighted, net of fee return of 6.3%, underperforming its benchmark's time-weighted return of 6.5% by 20 basis points. Over the latest 5-year period, OPFRS' average annual money-weighted net return of 6.3% underperformed the Policy Benchmark by 70 basis points.

OPFRS Annualized Money-Weighted Returns As of 6/30/2020

	1 Year	3 Year	5 Year
Total Portfolio ¹	2.1	6.3	6.3
Policy Benchmark ²	4.6	6.5	7.0
Excess Return	(2.5)	(0.2)	(0.7)

Sincerely,

David Sancewich, Principal, Consultant, Meketa Investment Group

¹ Money-Weighted & Net of Fees. Performance since 2005 includes securities lending.

² Evolving Policy Benchmark consists of 40% Russell 3000, 12% MSCI ACWI ex U.S., 33% Bbg BC Universal, 5% CBOE BXM, 6.7% SG Multi Asset Risk Premia, and 3.3% BB Long Treasury.

BOSTON CHICAGO LONDON MIAMI NEW YORK PORTLAND SAN DIEGO

List of Investment Professionals

Domestic Equity Managers

EARNEST Partners
 Northern Trust
 Nuveen NWQ
 Rice Hall James and Associates
 State Street Global Advisors
 SPI Technologies

Fixed Income Managers

DDJ Capital Management
 Reams Asset Management
 Ramirez Asset Management

Investment Consultant

Meketa Investment Group

International Equity Managers

Fisher Investments Institutional Group
 Hansberger Global Investor
 State Street Global Advisors

Custodian

Northern Trust

Covered Calls

Parametric Portfolio Associates, LLC.

Security Lending

Northern Trust

Investment Manager Fees and Other Investment Expenses

Years Ended June 30, 2020 and June 30, 2019

	<u>2020</u>	<u>2019</u>
Investment Manager Fees		
Domestic Equity Managers	\$ 446,280	\$ 503,122
International Equity Managers	175,856	250,486
Domestic Fixed Income Managers	231,887	214,704
Covered Calls	102,928	148,235
Total Investment Manager Fees	\$ 956,950	\$ 1,116,548
Other Investment Fees		
Custodian Fees	\$ 100,000	\$ 100,000
Investment Consulting	116,500	116,500
Total Other Investment Fees	\$ 216,500	\$ 216,500
Total Investment Fees	\$ 1,173,450	\$ 1,333,048

Largest Stock Holdings (by Market Value)
As of June 30, 2020

	Stock	Market Value
1.	Microsoft	\$ 1,695,442
2.	Apple	1,632,845
3.	Amazon	1,266,298
4.	Autodesk	1,104,101
5.	Synopsys	1,068,600
6.	Ansys	977,296
7.	Global Payments	967,173
8.	Roche Holdings	966,805
9.	Skyworks Solutions	959,973
10.	Intercontinental Exchange	909,038

Note: The above schedules do not reflect holdings in index funds. A complete list is available upon request.

Largest Bond Holdings (by Market Value)
As of June 30, 2020

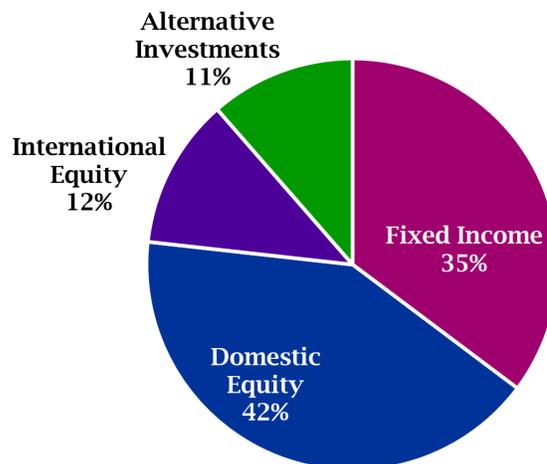
	Description	Interest Rate	Maturity Date	Market Value
1.	U.S. Treasury	0.25%	06/15/2023	\$ 2,775,843
2.	Fannie Mae	2.50%	09/25/2050	2,142,081
3.	Fannie Mae	3.00%	09/25/2050	2,124,115
4.	U.S. Treasury	0.13%	05/31/2022	1,823,646
5.	U.S. Treasury	1.25%	05/15/2050	1,700,652
6.	Fannie Mae	2.00%	09/25/2050	1,593,161
7.	North Shore Long Island Jewish Health Care	6.15%	11/1/2043	1,448,699
8.	Fannie Mae	2.50%	05/1/2035	1,329,553
9.	Metropolitan Transportation Authority New York	7.34%	11/15/2039	1,301,814
10.	New York, New York	5.82%	10/1/2031	1,012,440

Note: The above schedules do not reflect holdings in index funds. A complete list is available upon request.

**Investments by Manager
As of June 30, 2020**

Investment Firm	Portfolio Type	Amount
<u>Fixed Income Managers</u>		
Reams Asset Management	Core Plus	\$ 34,968,495
Ramirez	Core	76,731,982
Long Duration	Long Term	15,747,911
DDJ	High Yield/ Bank Loans	7,466,795
Total Fixed Income		\$ 134,915,183
<u>Domestic Equity Managers</u>		
Northern Trust Global Investments	Large Cap Core	\$ 91,148,324
EARNEST Partners	Mid Cap Core	31,930,725
NWQ	Small Cap Value	6,549,291
Rice Hall James	Small Cap Growth	11,721,246
SPI Strategies	Defensive Equity	17,447,691
Transition Account	Short Term	144,041
Total Domestic Equity		\$ 158,941,319
<u>International Equity Managers</u>		
Strategic Global Advisors	International	\$ 31,885,831
State Street Global Advisors	Non-US Developed Core	13,341,625
Total International Equity		\$ 45,227,456
<u>Alternative Managers</u>		
Parametric	Covered Calls	\$ 43,709,372
Total Alternative Investments		\$ 43,709,372
Total Investment		\$ 382,793,329

**Asset Allocation
As of June 30, 2020**



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TAB DIVIDER

ACTUARIAL

TAB DIVIDER

SECTION 4

ACTUARIAL



Al Edwards
Fire Fighter
Served with Oakland Fire Department
1968 to 2000

Actuary's Certification Letter



Classic Values, Innovative Advice

Via Electronic Mail

December 23, 2020

Actuarial Certification

This is the Actuary's Certification Letter for the Actuarial Section of the Annual Report for the Oakland Police and Fire Retirement System (PFRS, the Plan) as of June 30, 2020. This letter includes references to two documents produced by Cheiron for the Plan: the actuarial valuation report as of June 30, 2019 (transmitted March 2, 2020) and the GASB 67/68 report as of June 30, 2020 (transmitted November 4, 2020).

Actuarial Valuation Report as of June 30, 2019

The purpose of the annual actuarial valuation report as of June 30, 2019 is to determine the actuarial funding status of the Plan on that date and to calculate an actuarially determined contribution amount in accordance with the Plan's funding agreement with the City of Oakland. The prior review was conducted by Cheiron as of June 30, 2018.

Actuarial funding is based on the Entry Age Normal Cost Method. Under this method, the employer contribution amount provides for current cost (normal cost and expected administrative expenses) plus an amount to amortize the Unfunded Actuarial Liability (UAL). All members of the Plan have retired, therefore no normal cost has been computed, and the actuarially determined contributions are equal to the unfunded liability amortization payment plus administrative expenses.

As part of the funding agreement with the City, the UAL is expected to be amortized as level percentage of overall City Safety payroll, with payments commencing in the fiscal year beginning July 1, 2017, and completed in the year ending June 30, 2026.

For actuarial valuation purposes, Plan assets are valued at actuarial value. Under this method, the Actuarial Value of Assets recognizes one-fifth of the difference between the expected asset value (based on the 6.00% return assumption for the current Plan year) and the actual market value each year. The actuarial value is restricted to fall between 90% and 110% of the market value.

The Retirement System Board is responsible for establishing and maintaining the funding policy of the Plan.

We prepared the following schedules, which we understand will be used in the Actuarial Section of the 2020 PFRS Annual Report, based on the June 30, 2019 actuarial valuation. All historical information prior to the June 30, 2013 actuarial valuation shown in these schedules is based on information reported by Bartel Associates, who served as the actuary prior to 2013.

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Actuary's Certification Letter

December 23, 2020
Page 2

- Statement of Actuarial Assumptions and Methods
- Summary of Participant Data
- Development of Actuarial Gain/Loss (Analysis of Financial Experience)
- Schedule of Funding Status
- Summary of Plan Provisions

The assumptions used in this report reflect the results of an experience study performed by Cheiron covering the period from July 1, 2014 through June 30, 2017 and adopted by the Board. The assumptions used are intended to produce results that, in aggregate, reasonably approximate the anticipated future experience of the Plan.

We certify that the valuation was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for funding purposes meet the requirements of the Actuarial Standards of Practice, in particular Standards No. 4, 27, 35, and 44.

GASB 67/68 Report as of June 30, 2020

The purpose of the GASB 67/68 report as of June 30, 2020 is to provide accounting and financial reporting information under GASB 67 for the Plan and under GASB 68 for the City of Oakland. This report is not appropriate for other purposes, including the measurement of funding requirements for the Plan.

For financial reporting purposes, the Total Pension Liability (TPL) is based on the June 30, 2019 actuarial valuation updated to the measurement date of June 30, 2020. The update included the addition of interest cost offset by actual benefit payments.

Beginning of year measurements are based on the actuarial valuation as of June 30, 2018, updated to the measurement date of June 30, 2019. The June 30, 2020 Total Pension Liability (TPL) presented in the GASB 67/68 report was based upon the same data, plan provisions, actuarial methods, and assumptions as were used in the actuarial valuation report as of June 30, 2019.

Please refer to our GASB 67 report as of June 30, 2020 for additional information related to the financial reporting of the System. We prepared the following schedules for inclusion in the Financial Section of the 2020 PFRS Annual Report based on the June 30, 2020 GASB 67/68 report:

- Change in Net Pension Liability
- Sensitivity of Net Pension Liability to Changes in Discount Rate
- Schedule of Changes in Net Pension Liability and Related Ratios
- Schedule of Employer Contributions
- Notes to the Schedule of Employer Contributions



Actuary's Certification Letter

December 23, 2020
Page 3

We certify that the letter was performed in accordance with generally accepted actuarial principles and practices. In particular, the assumptions and methods used for disclosure purposes have been prepared in accordance with our understanding of generally accepted accounting principles as promulgated by the GASB.

Disclaimers

In preparing our reports, we relied on information (some oral and some written) supplied by the Plan. This information includes, but is not limited to, the plan provisions, employee data, and financial information. We performed an informal examination of the obvious characteristics of the data for reasonableness and consistency in accordance with Actuarial Standard of Practice No. 23.

Future actuarial measurements may differ significantly from the current measurements due to such factors as the following: plan experience differing from that anticipated by the economic or demographic assumptions; changes in economic or demographic assumptions; and changes in plan provisions or applicable law.

These reports are for the use of the Plan, the participating employer, and their auditors in preparing financial reports in accordance with applicable law and accounting requirements. Any other user of these reports is not an intended user and is considered a third party.

Cheiron's reports were prepared solely for the Plan for the purposes described herein, except that the Plan and its auditors may rely on these reports solely for the purpose of completing an audit related to the matters herein. Other users of these reports are not intended users as defined in the Actuarial Standards of Practice, and Cheiron assumes no duty or liability to such other users.

We are members of the American Academy of Actuaries and meet the Qualification Standards to render the actuarial opinion contained herein. These reports do not address any contractual or legal issues. We are not attorneys, and our firm does not provide any legal services or advice.

Respectfully Submitted,
Cheiron



Graham A. Schmidt, ASA, EA, FCA, MAAA
Consulting Actuary
703-893-1456, x1137
gschmidt@cheiron.us



Timothy S. Doyle, ASA, EA, MAAA
Consulting Actuary
703-893-1456, x1140
tdoyle@cheiron.us



Summary of Actuarial Value, Assumptions and Funding Methods

PURPOSE OF ACTUARIAL VALUATION

The Oakland Police and Fire Retirement System (PFRS) is a closed defined benefit pension plan. It was closed to new members on June 30, 1976. As of June 30, 2019, there are no active member. All members are retirees and beneficiaries.

The actual costs of a defined benefit plan are determined entirely by the amount of the benefit promise, the actual salaries and service of the plan participants, and how long they and their beneficiaries live to receive payments. In addition, the actuarial methodology provides a reasonable plan, or method, towards funding the expected costs of the plan. This information assists the plan trustees so they can make informed decisions regarding plan investments and how much in contributions will be required from the employer to eventually fully pay for the plan's costs.

The most recent actuarial valuation was as of June 30, 2019. The key results of the actuarial valuation are as follows:

- The actuarially determined employer contribution amount for Fiscal Year 2020-2021 is \$43.6 million, based on projecting the Actuarial Liabilities and the Actuarial Value of Assets to the end of the 2019-2020 Fiscal Year. This represents a decrease of \$0.2 million from the estimated amount in the prior valuation for the same Fiscal Year. The contribution is assumed to be paid in equal installments throughout the year, or on average at approximately January 1, 2021.
- During the year ended June 30, 2019, the return on Plan assets was 5.83% on a market value basis net of investment expenses, as compared to the 6.00% assumption for the 2018-2019 Plan year. This resulted in a market value loss on investments of \$2.0 million. The Actuarial Value of Assets (AVA) is calculated as the expected AVA plus 20% of the difference between the market value and the expected AVA. This smoothed value of assets returned 7.74%, for an actuarial asset gain of \$5.9 million.

- The Plan experienced a gain on the Actuarial Liability of \$5.4 million, the net result of changes in the population and changes in benefits, including recognition of a portion of the lower than expected COLA increases from the most recent Police MOU. Another decrease in the Actuarial Liability resulted from a reduction in the Holiday Pay compensation for PFRS Police members in the ranks of Captain and Deputy Chief. Combining the liability and asset gains, the Plan experienced a total gain of \$11.3 million.
- The Plan's smoothed funded ratio, the ratio of Actuarial Value of Assets over Actuarial Liability, increased from 53.7% last year to 58.0% on an AVA basis as of June 30, 2019.
- The Plan's funded ratio increased from 58.1% to 61.8% on a Market Value of Assets (MVA) basis.
- The Unfunded Actuarial Liability (UAL) is the excess of the Plan's Actuarial Liability over the Actuarial Value of Assets. The Plan experienced a decrease in the UAL from \$299.8 million to \$261.8 million as of July 1, 2019.
- Overall participant membership decreased compared to last year. 23 members died, five of whom had their benefits continued to a surviving spouse. In addition, 21 surviving beneficiaries died. There are no active members of the Plan.
- The administrative expense assumption for Fiscal Year 2019-2020 increased from \$1.0 million to \$1.6 million after input from PFRS Staff.
- If the contribution were determined using a projected asset value based on the current market (i.e., non-smoothed) value of assets, the contribution for FY 2020-2021 would be \$40.0 million. The contribution is smaller than that determined using the projected AVA, because the current market value reflects the full amount of recent investment gains, while under the AVA projection a portion of those gains are deferred until years after FY 2020-2021.

VALUATION SUMMARY

Table I-1 below summarizes all the key results of the valuation with respect to membership, assets and liabilities, and contributions. The results are presented and compared for both the current and prior plan year.

Table I-1			
Summary of Principal Plan Results			
(\$ in Thousands)			
	July 1, 2018	July 1, 2019	% Change
Participant Counts			
Active Participants	0	0	
Participants Receiving a Benefit	837	798	-4.7%
Total	837	798	-4.7%
Annual Pay of Active Members	\$ 0	\$ 0	
Assets and Liabilities			
Actuarial Liability (AL)	\$ 647,251	\$ 622,836	-3.8%
Actuarial Value of Assets (AVA)	\$ 347,467	\$ 361,037	3.9%
Unfunded Actuarial Liability (UAL)	\$ 299,784	\$ 261,798	-12.7%
Funded Ratio (AVA)	53.7%	58.0%	4.3%
Funded Ratio (MVA)	58.1%	61.8%	3.7%
Contributions			
Employer Contribution (FY2019-20)	\$ 43,409	N/A	
Employer Contribution (FY2020-21)	\$ 43,835	\$ 43,648	-0.4%

ACTUARIAL DEFINITIONS

The **Present Value of Future Benefits** (PVFB) is used for measuring all future Plan obligations, the obligations of the Plan earned as of the valuation date and those to be earned in the future by current plan participants under the current Plan provisions, if all assumptions are met.

The **Actuarial Liability** (AL) is calculated taking the Present Value of Future Benefits and subtracting the Present Value of Future Normal Costs under an acceptable actuarial funding method. Because the Plan has no active members, the Actuarial Liability is equal to the Present Value of Future Benefits (i.e., all benefits are fully accrued).

The **Unfunded Actuarial Liability** (UAL) is the excess of the Actuarial Liability over the Actuarial Value of Assets.

The **Actuarial Value of Assets** (AVA) is the value of cash, investments, and other property belonging to a pension plan as used by the actuary for the purpose of an actuarial valuation. The purpose of an Actuarial Value of Assets is to smooth out fluctuations in market values.

ACTUARIAL METHODS AND ASSUMPTIONS

ACTUARIAL METHODS

The actuarial funding method used to determine the normal cost and the Unfunded Actuarial Liability is the Entry Age Normal cost method.

The normal cost rate is determined with the normal cost percentage equal to the total Projected Value of Benefits at Entry Age, divided by Present Value of Future Salary at Entry Age. Since there are no longer any active employees, the normal cost for this plan is \$0.

Actuarial Value of Plan Assets

The excess of the Plan's Actuarial Liability (AL) over the Actuarial Value of Assets (AVA) is the Unfunded Actuarial Liability (UAL). In accordance with the Plan's funding agreement with the City of Oakland, the UAL must be amortized by July 1, 2026, with contributions resuming in the 2017-2018 fiscal year. The projected fiscal year 2020-2021 contribution has been calculated using level percent of pay amortization, based on total projected City payroll for all Safety employees.

ACTUARIAL ASSUMPTIONS

The assumptions used in this report reflect the results of an Experience Study performed by Cheiron covering the period from July 1, 2014 through June 30, 2017 and adopted by the Board. More details on the rationale for the demographic and economic assumptions can be found in the Experience Analysis presented to the Board on February 28, 2018.

Rate of Return

The expected annual rates of return, net of investment expenses, on all Plan assets are shown in the table below. The equivalent single discount rate for these returns using the Plan’s expected projected benefit payments is 5.50%.

Benefit Payment Year	Expected Return
2019 - 2026	6.000 %
2027	5.725 %
2028	5.450 %
2029	5.175 %
2030	4.900 %
2031	4.625 %
2032	4.350 %
2033	4.075 %
2034	3.800 %
2035	3.525 %
2036+	3.250 %

Cost of Living Adjustments

Cost-of-living adjustments are based on salary increases for a retiree’s rank at retirement.

The long-term rate of salary increase is assumed to be 3.25% (2.85% inflation plus 0.4% productivity). The following schedule shows salary increases based on the current Police contract which expires on June 30, 2023, and the Fire contract which expired on October 31, 2020. All increases shown after those dates are assumptions (we have assumed a 3.25% increase for Fire will occur in FY 2020-21).

Post-Retirement Benefit Increases (Based on Salary Increases for Rank at Retirement)		
Date of Increase	Police	Fire
November 1, 2019	0.00%	2.00%
July 1, 2020	2.50%	3.25%
July 1, 2021	3.00%	3.25%
July 1, 2022	3.50%	3.25%
July 1, 2023	3.50%	3.25%
Annual Increases Starting July 1, 2024	3.25%	3.25%

Inflation

The assumed rate of general inflation is 2.75% (entire US) and local inflation is 2.85% (Bay Area). The general inflation rate is used in the determination of the investment return assumptions. The local inflation rate is used in the determination of the growth in expenses and salaries (which determine the COLA increases).

Rates of Termination, Disability and Retirement

None

Rates of Mortality for Healthy Lives (for service retirees and beneficiaries)

CalPERS Healthy Annuitant Table from the 2012-2015 Experience Study, excluding the 15-year projection using 90% of Scale MP-2016.

Rates of Mortality for Disabled Retirees

CalPERS Industrial Disability Mortality Table from the 2012-2015 Experience Study, excluding the 15-year projection using 90% of Scale MP-2016.

Mortality Improvement

The mortality tables are projected to improve with the MP-2017 generational mortality improvement tables, with improvements projected from a base year of 2014 (the mid-point of the CalPERS base tables).

Survivor Continuance

30% of disabled retirees' deaths are assumed to be related to injuries arising out of the performance of duty, entitling the surviving spouse to a 100% continuance.

Changes in Assumptions since the Last Valuation

The administrative expense assumption increased to \$1.6 million and the Longevity Pay assumption for Fire members was removed, as Longevity Pay was included in the June 30, 2019 benefits provided by PFRS staff. No other changes were made to the actuarial assumptions.

Administrative Expenses

Administrative expenses for the Fiscal Year Ending June 30, 2020 are assumed to be \$1,600,000, growing at 2.85% per year.

Membership Information

Service Retired Participants

Age	Police		Fire		Total	
	Number	Total Annual Benefit	Number	Total Annual Benefit	Number	Total Annual Benefit
< 50	0	\$0	0	\$0	0	\$0
50-54	0	\$0	0	\$0	0	\$0
55-59	0	\$0	0	\$0	0	\$0
60-64	0	\$0	0	\$0	0	\$0
65-69	32	\$2,478,381	2	\$141,947	34	\$2,620,329
70-74	93	\$7,094,911	23	\$1,638,511	116	\$8,733,422
75-79	75	\$5,507,600	31	\$2,524,962	106	\$8,032,562
80-84	22	\$1,931,751	13	\$1,150,005	35	\$3,081,755
85-89	11	\$820,048	13	\$986,182	24	\$1,806,230
90-94	6	\$530,159	13	\$1,237,336	19	\$1,767,494
95-99	2	\$165,066	5	\$381,536	7	\$546,602
100+	0	\$0	0	\$0	0	\$0
Total	241	\$18,527,915	100	\$8,060,478	341	\$26,588,393

Disability Retired Participants

Age	Police		Fire		Total	
	Number	Total Annual Benefit	Number	Total Annual Benefit	Number	Total Annual Benefit
< 50	0	\$0	0	\$0	0	\$0
50-54	0	\$0	0	\$0	0	\$0
55-59	0	\$0	0	\$0	0	\$0
60-64	0	\$0	0	\$0	0	\$0
65-69	9	\$631,236	11	\$727,128	20	\$1,358,364
70-74	56	\$4,108,597	37	\$2,631,149	93	\$6,739,746
75-79	26	\$1,867,605	31	\$2,350,391	57	\$4,217,996
80-84	10	\$748,019	9	\$787,392	19	\$1,535,411
85-89	5	\$407,755	8	\$670,644	13	\$1,078,399
90-94	1	\$111,785	2	\$182,354	3	\$294,138
95-99	0	\$0	1	\$63,958	1	\$63,958
100+	0	\$0	0	\$0	0	\$0
Total	107	\$7,874,996	99	\$7,413,016	206	\$15,288,012

Membership Information

Beneficiaries

Age	Police		Fire		Total	
	Number	Total Annual Benefit	Number	Total Annual Benefit	Number	Total Annual Benefit
< 50	0	\$0	0	\$0	0	\$0
50-54	0	\$0	0	\$0	0	\$0
55-59	1	\$69,896	1	\$83,666	2	\$153,562
60-64	3	\$166,930	4	\$208,384	7	\$375,315
65-69	15	\$786,304	9	\$551,554	24	\$1,337,858
70-74	28	\$1,445,175	14	\$797,000	42	\$2,242,175
75-79	21	\$1,061,570	17	\$962,928	38	\$8,032,562
80-84	12	\$736,686	16	\$922,431	28	\$1,659,117
85-89	14	\$840,522	24	\$1,162,612	38	\$2,024,497
90-94	26	\$1,464,351	30	\$1,710,967	56	\$3,175,318
95-99	6	\$324,839	7	\$359,756	13	\$684,594
100+	1	\$74,685	2	\$128,824	3	\$203,509
Total	127	\$6,970,958	124	\$6,888,121	251	\$13,859,080

Membership Information

Participant Data Summary

	July 1, 2018			July 1, 2019		
	Police	Fire	Total	Police	Fire	Total
Active Participants						
Number	0	0	0	0	0	0
Number Vested	0	0	0	0	0	0
Average Age	00.0	00.0	00.0	00.0	00.0	00.0
Average Service	00.0	00.0	00.0	00.0	00.0	00.0
Average Pay	\$0	\$0	\$0	\$0	\$0	\$0
Service Retirees						
Number	250	110	360	241	100	341
Average Age	75.0	80.8	76.8	75.7	80.9	77.2
Average Annual Benefit	\$77,420	\$77,216	\$77,358	\$76,879	\$80,605	\$77,972
Disabled Retirees						
Number	109	101	210	107	99	206
Average Age	74.2	75.6	74.9	75.2	76.4	75.8
Average Annual Benefit	\$73,959	\$72,635	\$73,322	\$73,598	\$74,879	\$74,214
Beneficiaries						
Number	133	134	267	127	124	251
Average Age	80.5	83.4	82.0	80.6	83.2	81.8
Average Annual Benefit	\$55,952	\$54,306	\$55,126	\$54,889	\$55,549	\$55,215
All Inactive						
Number	492	345	837	475	323	798
Average Age	76.3	80.3	77.9	76.9	80.4	78.3
Average Annual Benefit	\$70,850	\$66,976	\$69,253	\$70,261	\$69,231	\$69,844

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TAB DIVIDER

IN MEMORIAM

TAB DIVIDER

In Memoriam



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***Oakland Police and Fire
Retiree & Beneficiary Deaths
2019—2020***

Fire Members

Oline Bell	Beneficiary
William Boone	Retiree
Dolores Borge	Beneficiary
Michael Bosco	Retiree
Eileen Bramante	Beneficiary
Harold Crane	Retiree
Norman Faix	Retiree
Robert Fyfe	Retiree
Bette Golden	Beneficiary
Dorothy Grimes	Beneficiary
Yvonne Halloran	Beneficiary
Thomas Hardy	Retiree
Peder Jacobson	Retiree
John Korte	Retiree
Wilhelmina Martin	Beneficiary
Lili Rice	Beneficiary
Jo Ann Schoenweiler	Beneficiary
Dorothy Walsh	Beneficiary
Mary Williams-Siders	Beneficiary

Police Members

Donald Aboussleman	Retiree
Arthur Ambrose	Retiree
Jody Buna	Retiree
Donald Burnett	Retiree
William Clark	Retiree
Donald Cleaves	Retiree
Edward Connolly	Retiree
Barry Deadder	Retiree
Marion T. Di Fraia	Beneficiary
Robert Froines	Retiree
Harlan Goodson	Retiree
Luz Guidici	Beneficiary
Marvin Halliday	Retiree
Glenn Hicks	Retiree
Elizabeth Holmes	Beneficiary
Charles Jones	Retiree
Larry Lucas	Retiree
James McArthur	Retiree
Shirlie Nielsen-Spitoni	Beneficiary
John Owen	Retiree
Robert Sebastiani	Retiree
Doris Turkington	Beneficiary
Harry Vaughn	Retiree
George Whitfield	Retiree
Dorothy Wilson	Beneficiary
Tommie Young	Retiree

Diversity and Inclusion Recruiting Outreach Plan

Parametric understands the importance of organizational diversity and we strive to attract, develop, promote and retain top diverse talent through a wide variety of initiatives.

Parametric has set diversity targets (not quotas) for recruitment efforts of full-time and intern positions. These targets aim to increase both female and diversity hires at Parametric and are reviewed on a quarterly basis.

In partnership with Eaton Vance's Chief Diversity Officer, Parametric will continue to implement initiatives and programs to continue to cultivate a diverse and inclusive environment.

The following is a summary of our current and planned diversity recruiting outreach initiatives which include partnerships with colleges and universities, professional associations, and partnering with our local communities.

I. Targeted College Diversity Recruitment

- University of Washington, Seattle and Tacoma
- Seattle University
- Gonzaga University
- Washington State University
- University of Minnesota
- University of Nevada, Las Vegas
- Howard University
- Alabama A&M
- Morehouse

II. Professional Associations and Organizations

- Association of Latino Professionals For America (ALPFA) - www.alpfa.org
- Year Up Program - www.yearup.org
- National Association of Securities Professionals - <http://www.nasphq.org/>
- Girls Who Code – www.girlswhocode.com

III. Diversity Job Postings

- Association of Latino Professionals For America (ALPFA) - www.alpfa.org
- Professional Diversity Network - www.prodivnet.com/
- Military 2 Career - <http://www.military2career.com/>
- Women's Career Chanel - <http://www.womenscareerchannel.com/>
- Black Career Network - <http://www.blackcareernetwork.com/>
- Asian Career Network - <http://www.acareers.net/>
- Pro Able - <http://www.proable.net/>

800 FIFTH AVENUE
SUITE 2800
SEATTLE, WA 98104

P 206 694 5500

F 206 694 5581

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- Out Professional Network - <http://www.outpronet.com/>
- iHispano - <http://www.ihispano.com/>
- National Association of Asian American Professionals (NAAAP) - www.naaap.org
- National Black MBA Association - <https://nbmbaa.org>
- Women For Hire - <http://womenforhire.com/>
- Women Investment Professionals Chicago - <http://www.wipchicago.org/>
- 100 Women in Finance - <https://100women.org/>
- YUPRO - Placement Agency for Year Up Alumni

Parametric is an equal opportunity employer and is committed to providing a work environment that is free of discrimination and harassment. It does not discriminate against applicants or employees with respect to any terms or conditions of employment on account of race, color, religion, creed, national origin, ancestry, sex, sexual orientation, age, pregnancy, parenthood, physical or mental disability (actual or perceived), medical condition including genetic characteristics, marital status, citizenship status, military service, gender, gender identity or expression, registered domestic partner status, domestic violence victim status, status with regard to public assistance, or any other characteristic protected by applicable federal, state or local laws. Parametric also prohibits discrimination based on the perception that a person has any of those characteristics or is associated with a person who has or is perceived as having any of those characteristics. This commitment applies to all persons involved in the operations of Parametric, and prohibits unlawful discrimination by any employee of Parametric, including supervisors and co-workers. All employment decisions shall be consistent with the principles of equal employment opportunity.



Diversity & Inclusion Mission

To foster an environment where employees can bring their authentic selves and diversity of thought to drive innovation and provide creative solutions for our clients.

Guiding Principles

- We focus on attracting, hiring, developing and retaining a diverse employee population of top talent.
- We are committed to a work environment that is based on collaboration, fairness and mutual respect for each other.
- We drive innovative business solutions through an open-minded approach and acceptance of each other's varied perspectives.
- We seek to understand the varied perspectives of our clients so that we can provide customized solutions that fit their investment needs.

Parametric Diversity and Inclusion

Parametric is a part of Eaton Vance's Diversity and Inclusion ("D&I") program which seeks to make the firm a stronger and better company and to contribute positively to the communities in which its employees live and work. The importance of organizational D&I is acknowledged by EV's Chairman and CEO, Thomas Faust, senior leadership at Parametric and the Eaton Vance Corp. Board of Directors

An initial priority of the D&I strategy is to educate managers across Parametric on the objectives of the D&I initiative, key challenges and measures of success. Managers are expected to work with their Human Resources business partners to assess their departments and to develop action plans for advancing D&I. In addition, the firm recognizes that efforts to enhance the ability to recruit, develop and retain a talented and diverse workforce involves everyone at Parametric. Human Resources has target goals to hire diverse candidates for full-time and internship positions. Over many years the firm has partnered with diversity organizations as part of its efforts to source candidates and increase diversity at the firm. Examples of these ongoing efforts include recruitment and networking events, internship opportunities and partnerships with several colleges and universities, community involvement and professional associations.

In 2018, Eaton Vance created the position of Chief Diversity Officer, who works with employees across Eaton Vance affiliates to create and implement initiatives designed to foster a culture of D&I. The Chief Diversity Officer chairs Eaton Vance's D&I Leadership Council and D&I Operating Council and supports the work of the Employee Resource Groups, which are designed to bring together employees from across the firm with shared interests.

Eaton Vance Corp D&I Leadership Council

- Oversees mission to create value for Eaton Vance Corp and its stakeholders by increasing the firm's ability to attract, develop and retain a talented and diverse workforce
- Sets the strategy and direction for D&I across Eaton Vance Corp and develop the guiding principles for the Operating Council and Employee Resource Groups

Eaton Vance D&I Operating Council

- Acts as an active ambassador for D&I internally and externally to the firm
- Talent Acquisition, Retention through Engagement and Learning and Development
- Employee Resource Groups (MOSAIC, EV Pride +, Women's Leadership Exchange, EVolve)

In 2019, Parametric created a D&I Leadership Council to develop and implement the strategy, direction and guiding principles for D&I at Parametric, in partnership with the D&I Leadership Council at Eaton Vance. In 2020, Parametric also created a D&I Operating Council that serves to be ambassadors throughout Parametric and its communities to create a more diverse and inclusive environment through employee engagement. By continuing to increase the focus on

D&I, the firm will continue to foster an environment where employees can bring their authentic selves and diversity of thought to drive innovation and provide creative solutions for its clients.

Process and practices to foster diversity

The firm strives to implement a company culture that is inclusive, positive and performance-oriented. Parametric looks to create a diverse candidate pool by posting to various job boards, colleges and universities, and professional associations. Having a diverse workforce allows the firm to benefit from a variety of perspectives and strengthens its competitiveness.

Diversity Recruiting strategies have been determined so managers have options to choose from when defining the recruiting strategy for their open positions. These strategies support managers and the Talent Acquisition team in finding diverse top talent for each open position. Parametric posts all positions internally so all employees have access to review and apply for positions across the organization. These strategies also encourage development and promotion of diverse internal talent to fill open positions throughout the firm. Parametric looks to create a diverse candidate pool by posting to various job boards, colleges and universities, professional associations, and encouraging hiring managers and recruiters to create a network of diverse top talent. Having a diverse workforce allows the firm to benefit from a variety of perspectives and strengthens its competitiveness.

Parametric is an equal opportunity employer and is committed to providing a work environment that is free of discrimination and harassment. It does not discriminate against applicants or employees with respect to any terms or conditions of employment on account of race, color, religion, creed, national origin, ancestry, sex, sexual orientation, age, pregnancy, parenthood, physical or mental disability (actual or perceived), medical condition including genetic characteristics, marital status, citizenship status, military service, gender, gender identity, registered domestic partner status, domestic violence victim status, status with regard to public assistance, or any other characteristic protected by applicable federal, state or local laws. Parametric also prohibits discrimination based on the perception that a person has any of those characteristics or is associated with a person who has or is perceived as having any of those characteristics. This commitment applies to all persons involved in the operations of Parametric, and prohibits unlawful discrimination by any employee of Parametric, including supervisors and co-workers. All employment decisions shall be consistent with the principles of equal employment opportunity.

Parametric has set diversity targets (not quotas) for recruitment efforts of full-time and intern positions. These targets aim to increase both female and diversity hires at Parametric and are reviewed on a quarterly basis.

Parametric conducts a robust gender pay analysis annually to ensure that compensation is comparable for women and men for comparable positions.

In partnership with Eaton Vance's Chief Diversity Officer, Parametric's Diversity and Inclusion Leadership Council drive's strategy and implements initiatives and programs to continue to cultivate a diverse and inclusive environment.



Parametric Portfolio Associates® LLC (“Parametric”)

Diversity Statistics

All Parametric Locations as of 12/31/2020

Category	Total	Women		People of Color*	
	Number	Number	Percentage	Number	Percentage
Total employees	614	211	34.36%	156	25.41%
Board of Directors (BoD)	N/A	N/A	N/A	N/A	N/A
General Partner (GP)	N/A	N/A	N/A	N/A	N/A
Leadership/Executives**	10	2	20.00%	2	20.00%
Senior Staff	45	10	22.22%	8	17.78%
Managers	167	53	31.74%	39	23.36%
Investment Professionals	145	26	17.93%	36	24.83%

*Includes Race/Ethnicities other than “White” or Not Declared”

**Parametric Executive Committee

Parametric - All Locations as of 12/31/2020											
Category	Total	Males	Females	Asian	Black or African American	Native Hawaiian or Other Pacific Islander	Hispanic or Latino	American Indian or Alaska Native	Two or more races	White	Not Declared
All Employees	614	403	211	98	13	4	17	3	21	450	8
Executive Committee	10	8	2	1	0	0	0	0	1	8	0
Senior Staff	45	35	10	5	0	1	1	0	1	37	0
Managers	167	114	53	27	2	2	4	0	4	126	2
Investment Professionals	145	119	26	23	3	2	1	1	6	108	1

800 FIFTH AVENUE
 SUITE 2800
 SEATTLE, WA 98104
 P 206 694 5500
 F 206 694 5581

parametricportfolio.com

Eaton Vance Corp. – Diversity & Inclusion Data (as of 12/31/20)

Category	Total	Women		People of Color*	
	Number	Number	Percentage	Number	Percentage
Total employees	1,985	704	35.47%	397	20.00%
Board of Directors	8	3	37.50%	1	12.50%
General Partner	N/A	N/A	N/A	N/A	N/A
Leadership/Executives	N/A	N/A	N/A	N/A	N/A
Senior Staff	836	251	30.02%	111	13.23%
Managers	680	232	34.12%	102	15.00%
Investment Professionals	377	74	19.63%	73	19.36%

*Includes Race/Ethnicities other than "White" or Not Declared"

Eaton Vance Corp. - All Locations as of 12/31/2020											
Category	Total	Males	Females	Asian	Black or African American	Native Hawaiian or Other Pacific Islander	Hispanic or Latino	American Indian or Alaska Native	Two or more races	White	Not Declared
All Employees	1985	1280	704	206	76	6	61	5	43	1539	49
Executive Committee	8	5	3	0	1	0	0	0	1	7	0
Senior Staff	836	584	251	60	20	1	18	2	10	694	31
Managers	680	448	232	59	14	3	15	2	9	565	13
Investment Professionals	377	303	74	43	13	2	5	1	9	291	13



December 15, 2020

City of Oakland Police & Fire Retirement System Board

Dear City of Oakland Police & Fire Retirement System Board:

We are writing to follow up on the announcement that Parametric's parent company, Eaton Vance Corp. has entered into a definitive merger agreement under which Morgan Stanley will acquire Eaton Vance Corp., and its subsidiaries, including Parametric. The transaction is expected to close in the second quarter of 2021, subject to customary closing conditions.

While our parent company will change, the investment process guiding your mandate and the professionals who have acted as stewards of your assets will not change as a result of the transaction. Further, the brand associated with your product will not change as a result of the transaction. At the same time, we believe that providing access to the additional resources of a world-class organization like Morgan Stanley will be additive to our investment teams in the ongoing management of your assets.

Required Action

To ensure we can continue to manage your portfolio(s) without interruption after the closing of the transaction, we are requesting your consent to the deemed assignment of your investment advisory agreement(s) resulting from the change of control of Parametric, as required under applicable law and your investment advisory agreement.

To consent, please complete and have an authorized party sign the enclosed consent form and return it to Parametric as soon as possible to ensure that we can continue to manage your portfolio(s) without interruption after the closing of the transaction.

We look forward to continuing our partnership with you and look forward to enhancing our relationship by bringing together the investment capabilities, distribution and client service resources, brands and cultures of Parametric and Morgan Stanley.

Sincerely,

Chief Executive Officer

Consent Form

Requires a signature from an authorized signer for the following plan(s): City of Oakland Police & Fire Retirement System Board.

Sign in this box if you consent:

Please sign this box if you agree to the deemed assignment of your investment advisory agreement(s) as a result of the transaction as described in the letter enclosing this form.

Client:

Client (if needed):

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Sign in this box if you object:

Please sign this box if you object to the deemed assignment of your investment advisory agreement(s) as a result of the transaction as described in the letter enclosing this form.

Client:

Client (if needed):

Signature: _____

Signature: _____

Name: _____

Name: _____

Title: _____

Title: _____

Date: _____

Date: _____

Please e-mail this signed consent to:

Email: ParametricInstitutionalConsents@paraport.com

Mailing Address if needed:

ATTN: Parametric Institutional Consents
Eaton Vance Management
Two International Place, 15th Floor
Boston, MA 02110

ID: P10218



AGENDA REPORT

TO: Oakland Police and Fire
Retirement System (PFRS) Board

FROM: David F. Jones
Plan Administrator

SUBJECT: Expiration Notice of PFRS Investment
Manger Service Agreement and Action
to Extend Service Agreements

DATE: January 14, 2021

SUMMARY

The Service Contract for the following Investment Manager for the Oakland Police & Fire Retirement Systems (PFRS) expired December 23, 2020. The PFRS Board is asked to consider acting to extend the service agreement for this manager for one additional year pursuant to their service agreements.

BACKGROUND

The following information was presented to the PFRS Board at the December 10, 2020 meeting. The item was tabled pending additional information and further discussion at the next regularly scheduled meeting:

The Service Agreement for the following Investment Manager who provides services for the PFRS Board will expire shortly. The following table describes the investment manager contract:

Investment Manager	Investment Class	Hire Date	Contract/Extension Expiration Date
Parametric Portfolio Associates	Covered Calls	December 23, 2013	December 23, 2020

RECOMMENDATION

Staff recommends that the PFRS Board approve the implementation of the relevant service agreement provision for the manager to extend the service agreement between the above mentioned PFRS Investment Manager and PFRS.

Respectfully submitted,

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

Attachments:
Resolution # 8006

PFRS Board Meeting
January 27, 2021
Agenda Item D3

ATTACHMENT 1

Resolution No. 8006

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved to Form
and Legality



RESOLUTION No. 8006

ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

**RESOLUTION AUTHORIZING A ONE-YEAR
EXTENSION OF PROFESSIONAL SERVICES
AGREEMENT WITH PARAMETRIC PORTFOLIO
ASSOCIATES, LLC FOR COVERED CALLS ASSET
CLASS INVESTMENT MANAGER SERVICES**

WHEREAS, Oakland City Charter section 2601(e) states that the Board of the Oakland Police and Fire Retirement System (“PFRS Board”) shall possess power to make all necessary rules and regulations for its guidance and shall have exclusive control of the administration and investment of the funds established for the maintenance and operation of the system; and

WHEREAS, on June 19, 2013, the PFRS Board passed a motion to enter into an agreement (“The Agreement”) with Parametric Portfolio Associates, LLC (“Investment Counsel”), to provide advice and counsel regarding investments of the assets of the Police and Fire Retirement Fund (“Fund”); and

WHEREAS, Section XX of the Agreement allows for modification of the Agreement by written agreement of all parties; and

WHEREAS, Section IV(B) of the Agreement gave the PFRS Board the option to extend the initial term of the Agreement for three additional one-year terms by giving Investment Counsel written notice of its intent to exercise its option not less than sixty days prior to the expiration of the term or extended term of the agreement; and

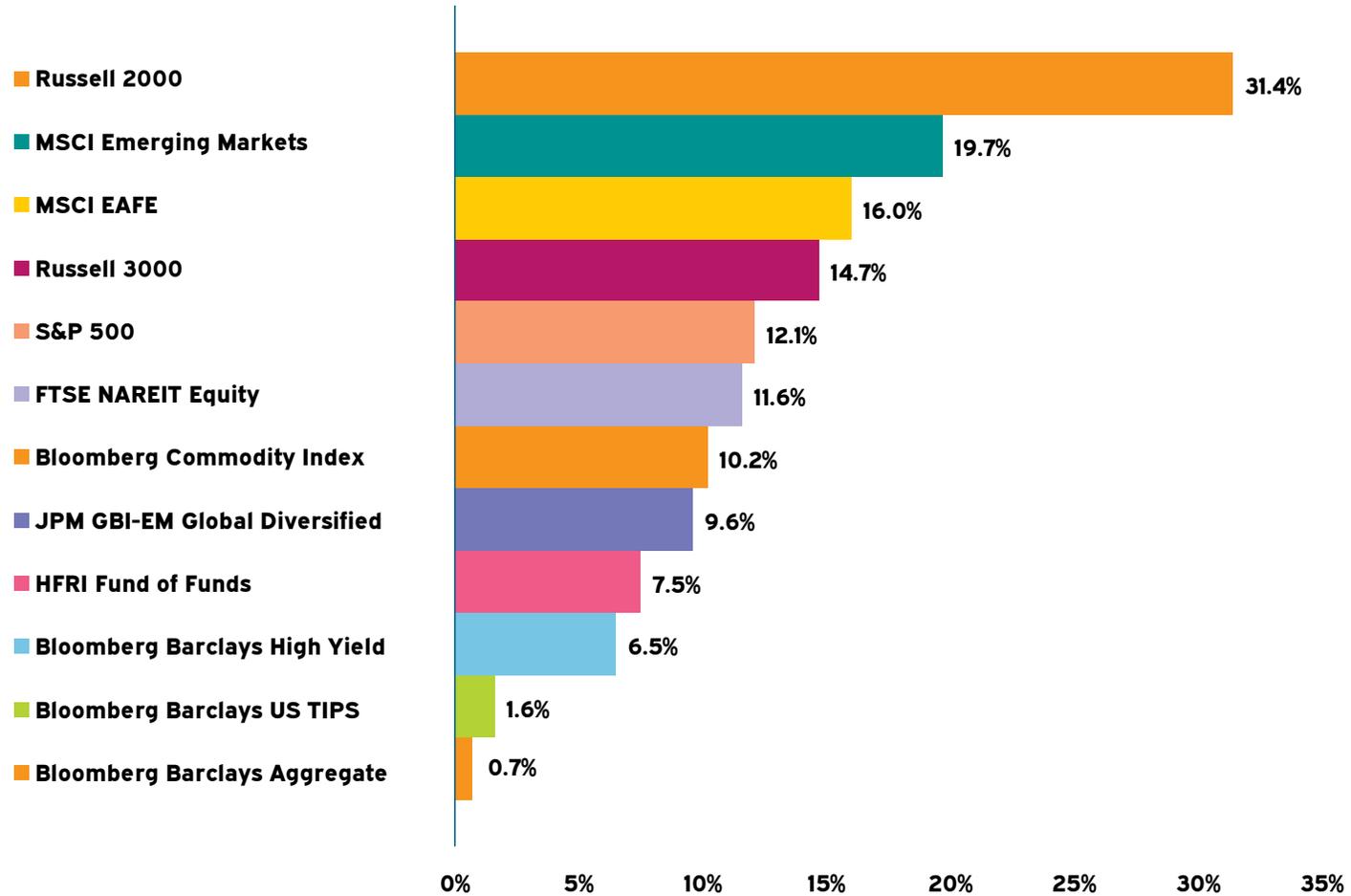
WHEREAS, on November 28, 2018, the PFRS Board passed Resolution No. 7033 authorizing amendment of Section IV(B) of the Agreement to provide the Board with unlimited one-year extension options, and

WHEREAS, on October 30, 2019, the PFRS Board passed Resolution No. 7074 authorizing an extension of the Agreement with Investment Counsel for an additional one-year term, effective December 23, 2019; and

WHEREAS, the PFRS Board wishes to extend the current Agreement with Investment Counsel for another one-year term, effective December 23, 2020; now, therefore, be it

**The World Markets
Fourth Quarter of 2020**

The World Markets¹ Fourth Quarter of 2020



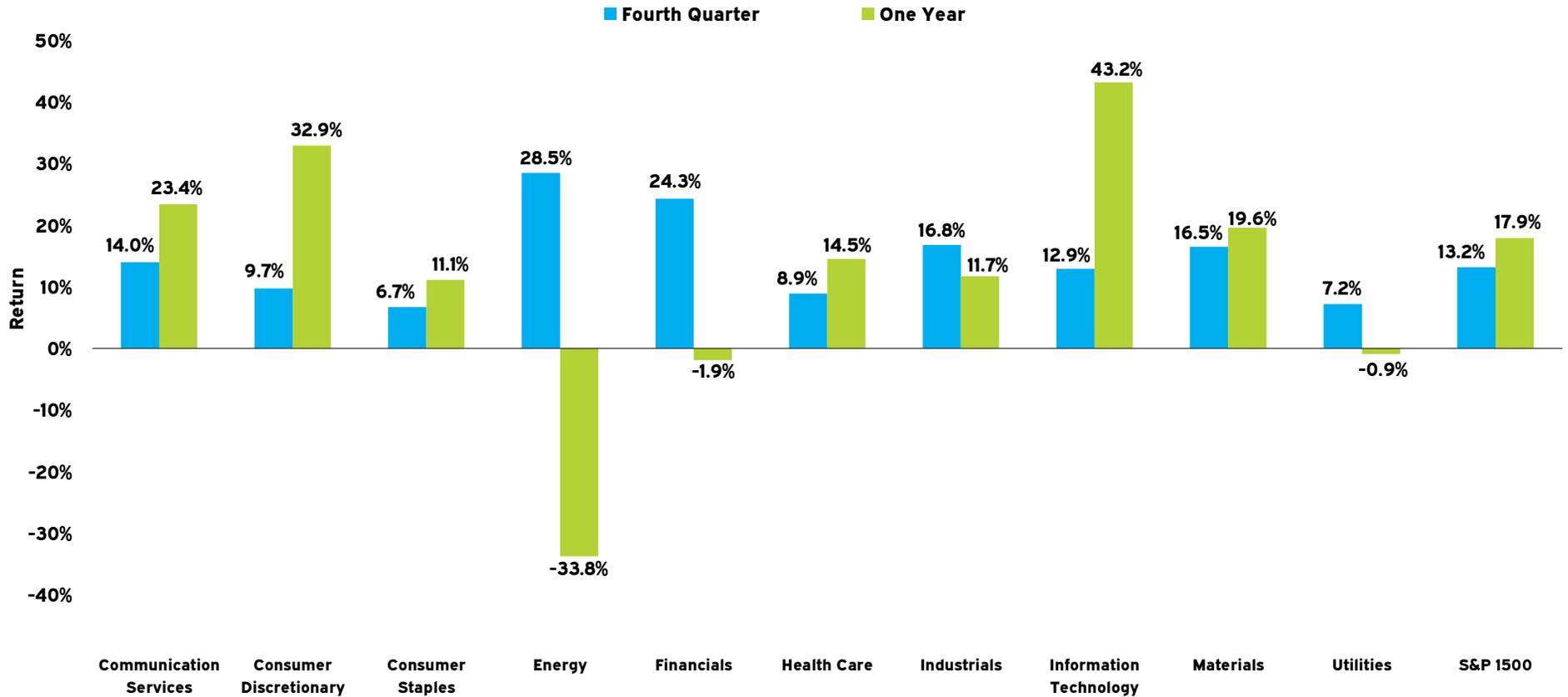
¹ Source: InvestorForce.

Index Returns¹

	4Q20 (%)	1 YR (%)	3 YR (%)	5 YR (%)	10 YR (%)
Domestic Equity					
S&P 500	12.1	18.4	14.2	15.2	13.9
Russell 3000	14.7	20.9	14.5	15.4	13.8
Russell 1000	13.7	21.0	14.8	15.6	14.0
Russell 1000 Growth	11.4	38.5	23.0	21.0	17.2
Russell 1000 Value	16.3	2.8	6.1	9.7	10.5
Russell MidCap	19.9	17.1	11.6	13.4	12.4
Russell MidCap Growth	19.0	35.6	20.5	18.7	15.0
Russell MidCap Value	20.4	5.0	5.4	9.7	10.5
Russell 2000	31.4	20.0	10.2	13.3	11.2
Russell 2000 Growth	29.6	34.6	16.2	16.4	13.5
Russell 2000 Value	33.4	4.6	3.7	9.7	8.7
Foreign Equity					
MSCI ACWI (ex. US)	17.0	10.7	4.9	8.9	4.9
MSCI EAFE	16.0	7.8	4.3	7.4	5.5
MSCI EAFE (Local Currency)	11.4	0.8	3.0	5.8	6.8
MSCI EAFE Small Cap	17.3	12.3	4.9	9.4	7.8
MSCI Emerging Markets	19.7	18.3	6.2	12.8	3.6
MSCI Emerging Markets (Local Currency)	16.0	19.1	8.1	12.6	6.6
Fixed Income					
Bloomberg Barclays Universal	1.3	7.6	5.5	4.9	4.2
Bloomberg Barclays Aggregate	0.7	7.5	5.3	4.4	3.8
Bloomberg Barclays US TIPS	1.6	11.0	5.9	5.1	3.8
Bloomberg Barclays High Yield	6.5	7.1	6.2	8.6	6.8
JPM GBI-EM Global Diversified	9.6	2.7	3.0	6.7	1.5
Other					
FTSE NAREIT Equity	11.6	-8.0	3.4	4.8	8.3
Bloomberg Commodity Index	10.2	-3.1	-2.5	1.0	-6.5
HFRI Fund of Funds	7.5	10.3	4.7	4.4	3.3

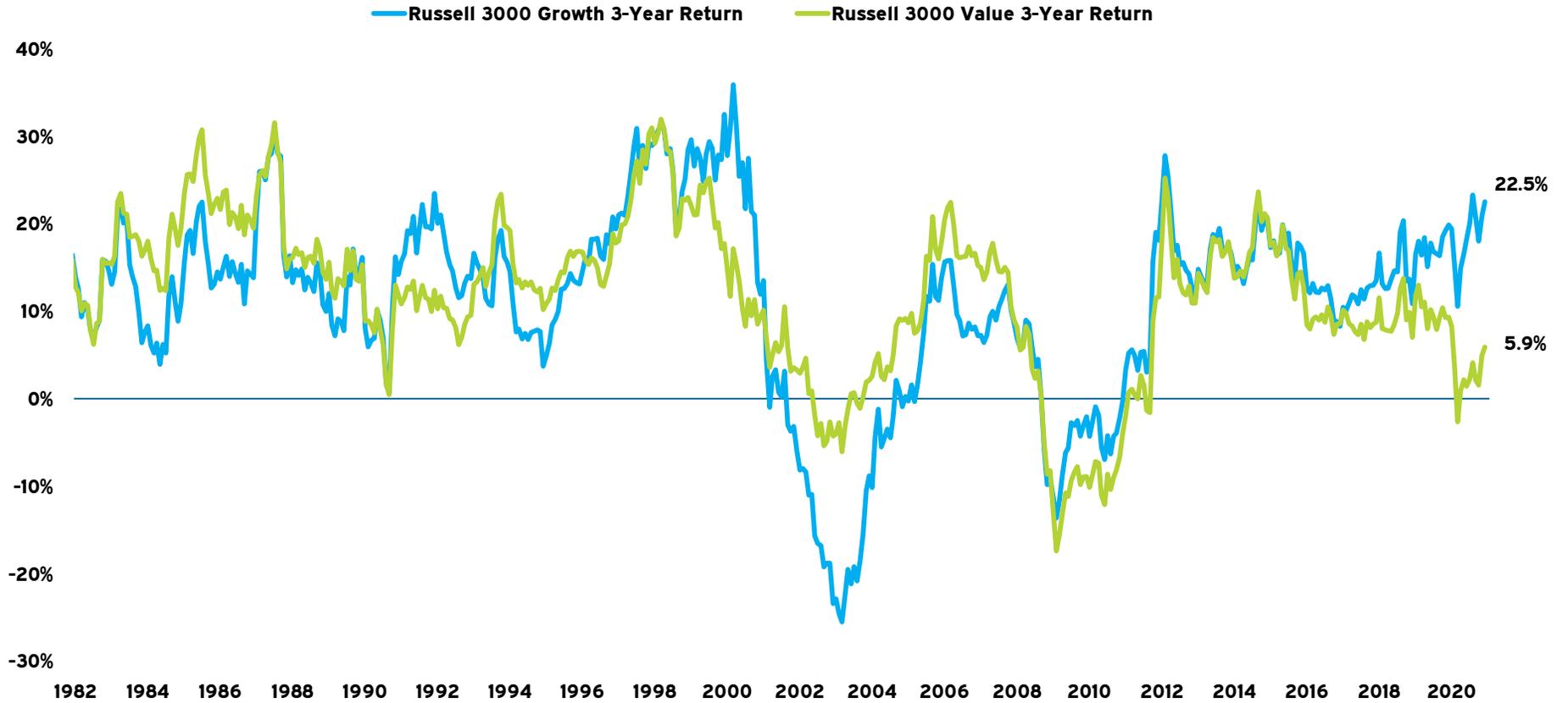
¹ Source: InvestorForce.

S&P Sector Returns¹



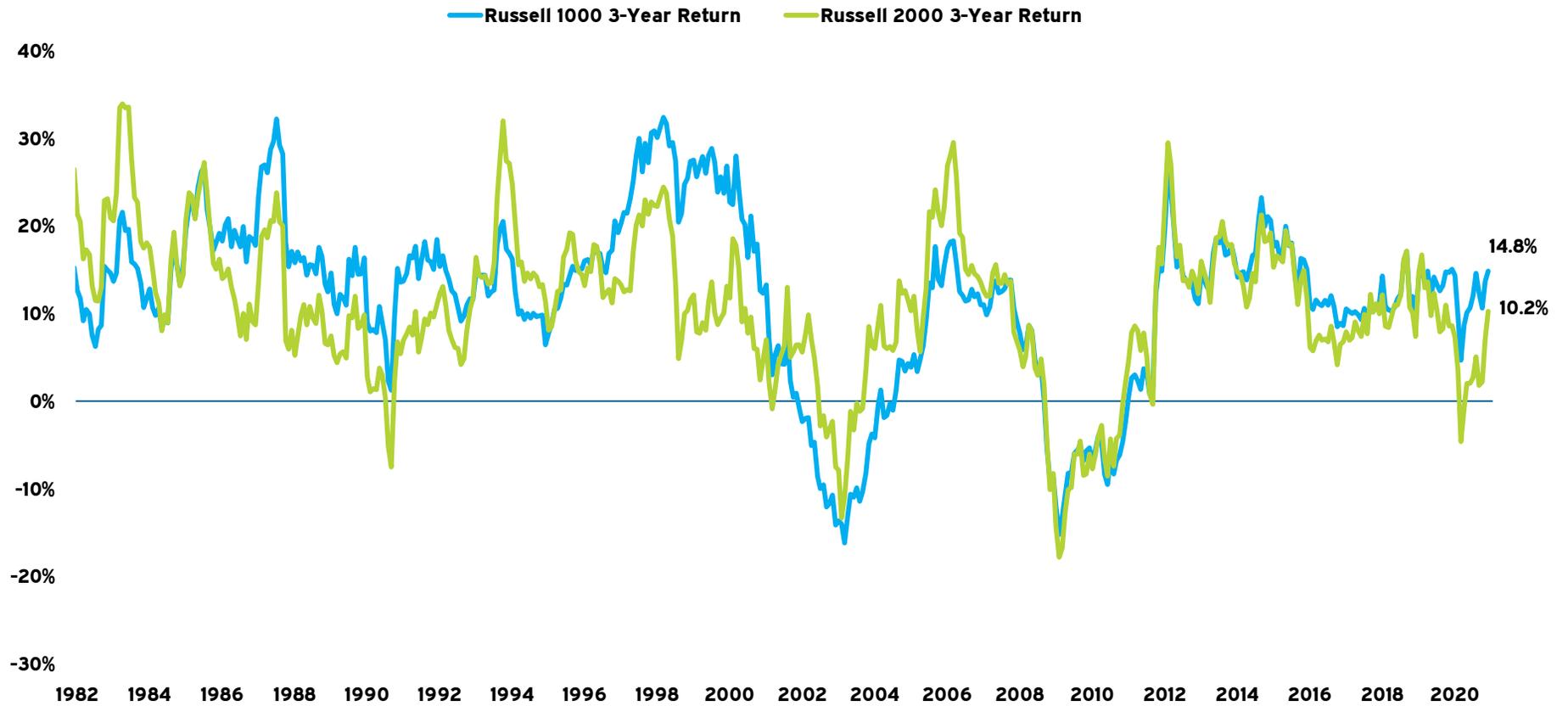
¹ Source: InvestorForce. Represents S&P 1500 (All Cap) data.

Growth and Value Rolling Three Year Returns¹



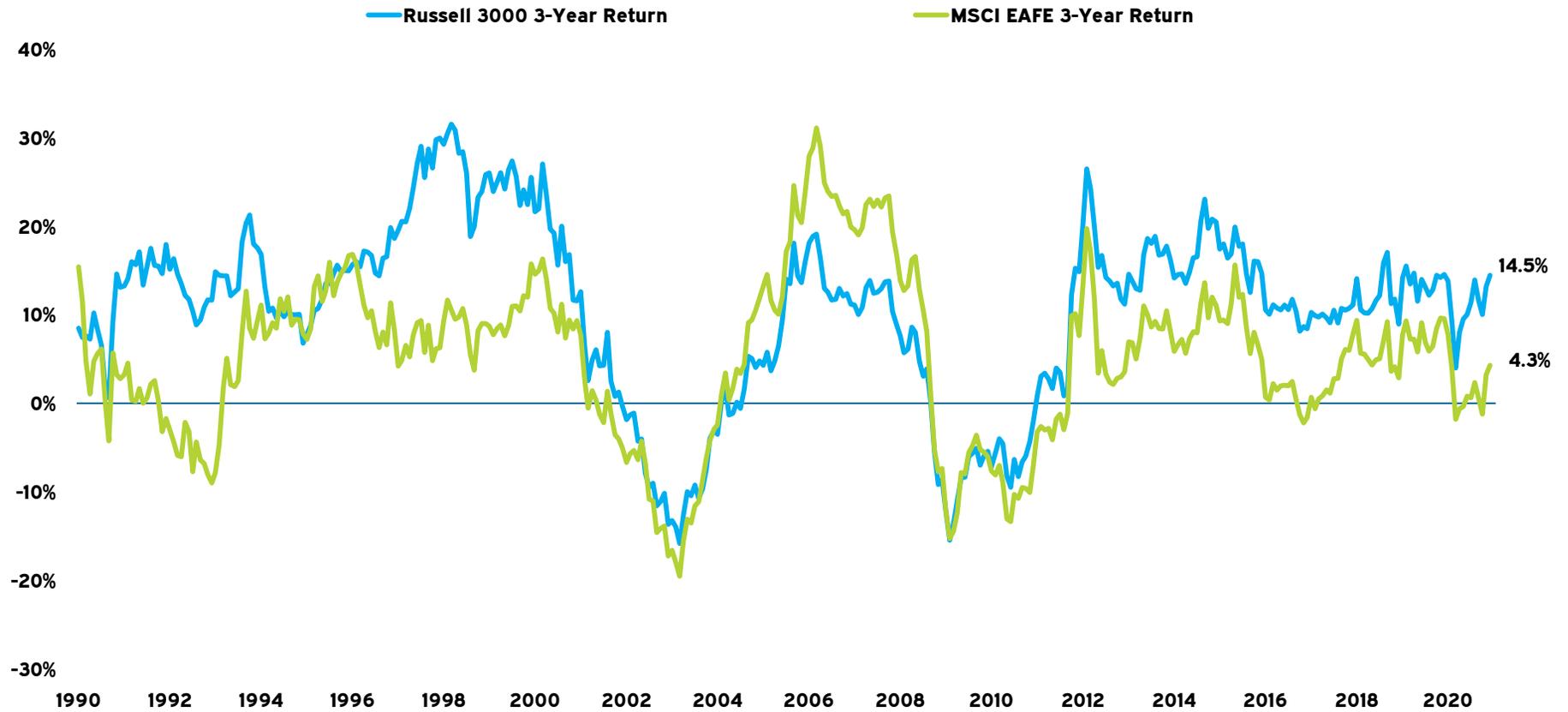
¹ Source: InvestorForce.

Large Cap (Russell 1000) and Small Cap (Russell 2000) Rolling Three Year Returns¹



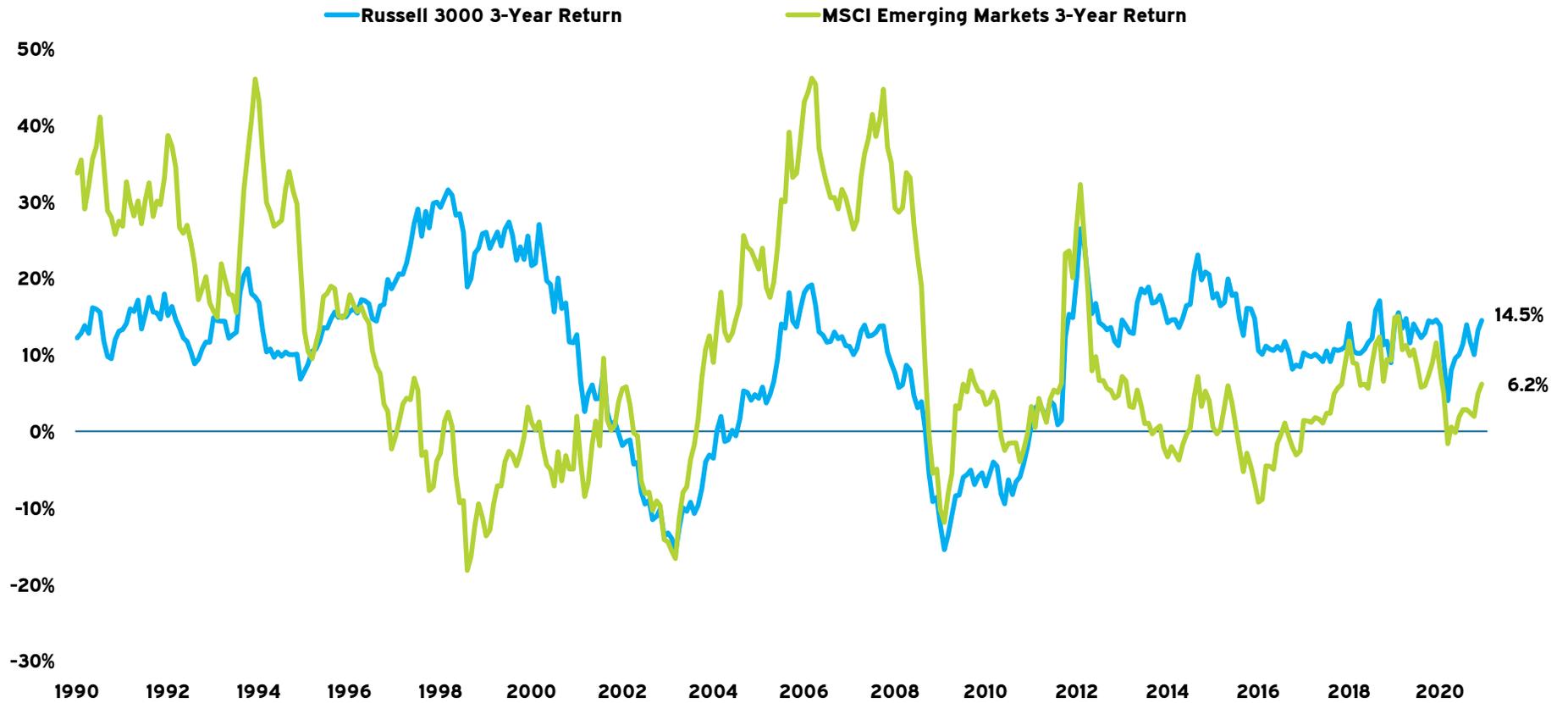
¹ Source: InvestorForce.

US and Developed Market Foreign Equity Rolling Three-Year Returns¹



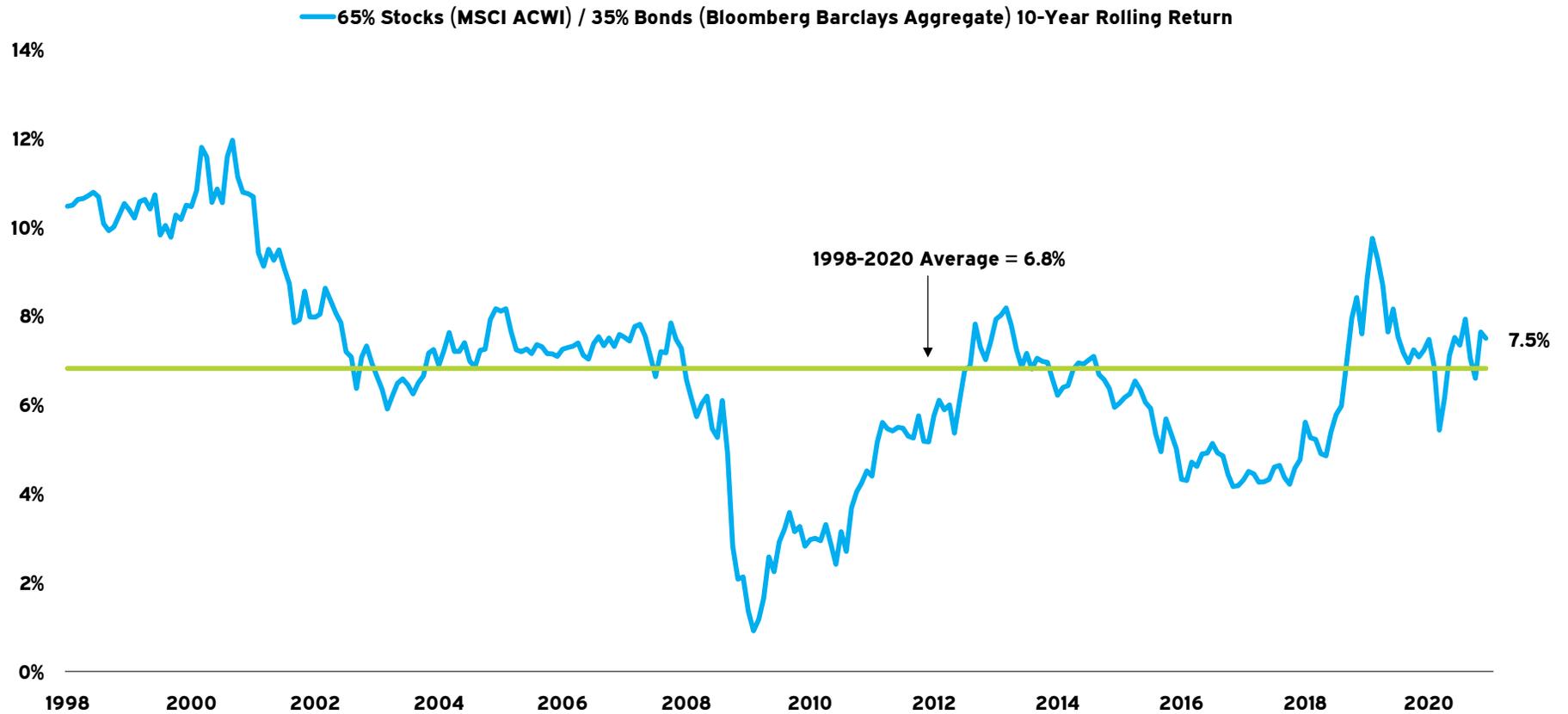
¹ Source: InvestorForce.

US and Emerging Market Equity Rolling Three-Year Returns¹



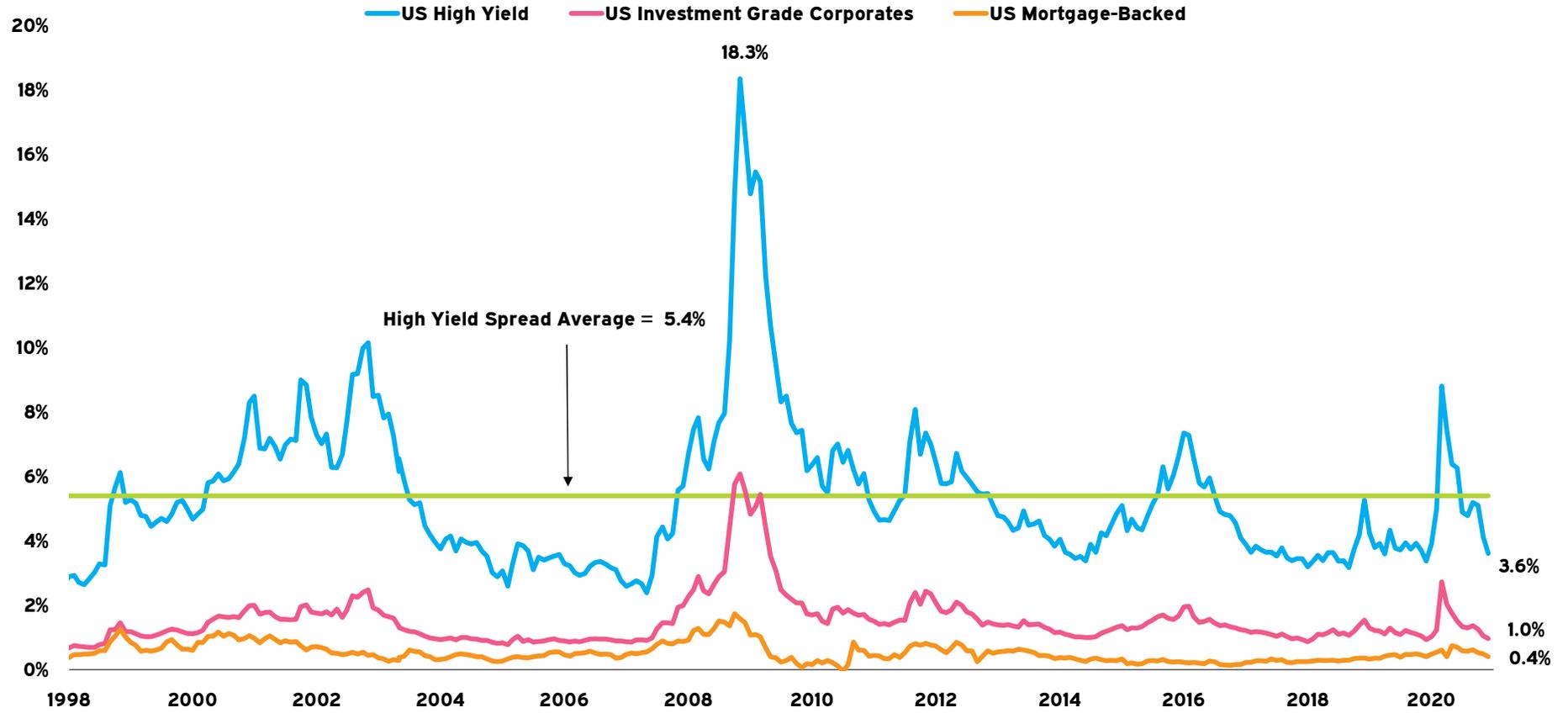
¹ Source: InvestorForce.

Rolling Ten-Year Returns: 65% Stocks and 35% Bonds¹



¹ Source: InvestorForce.

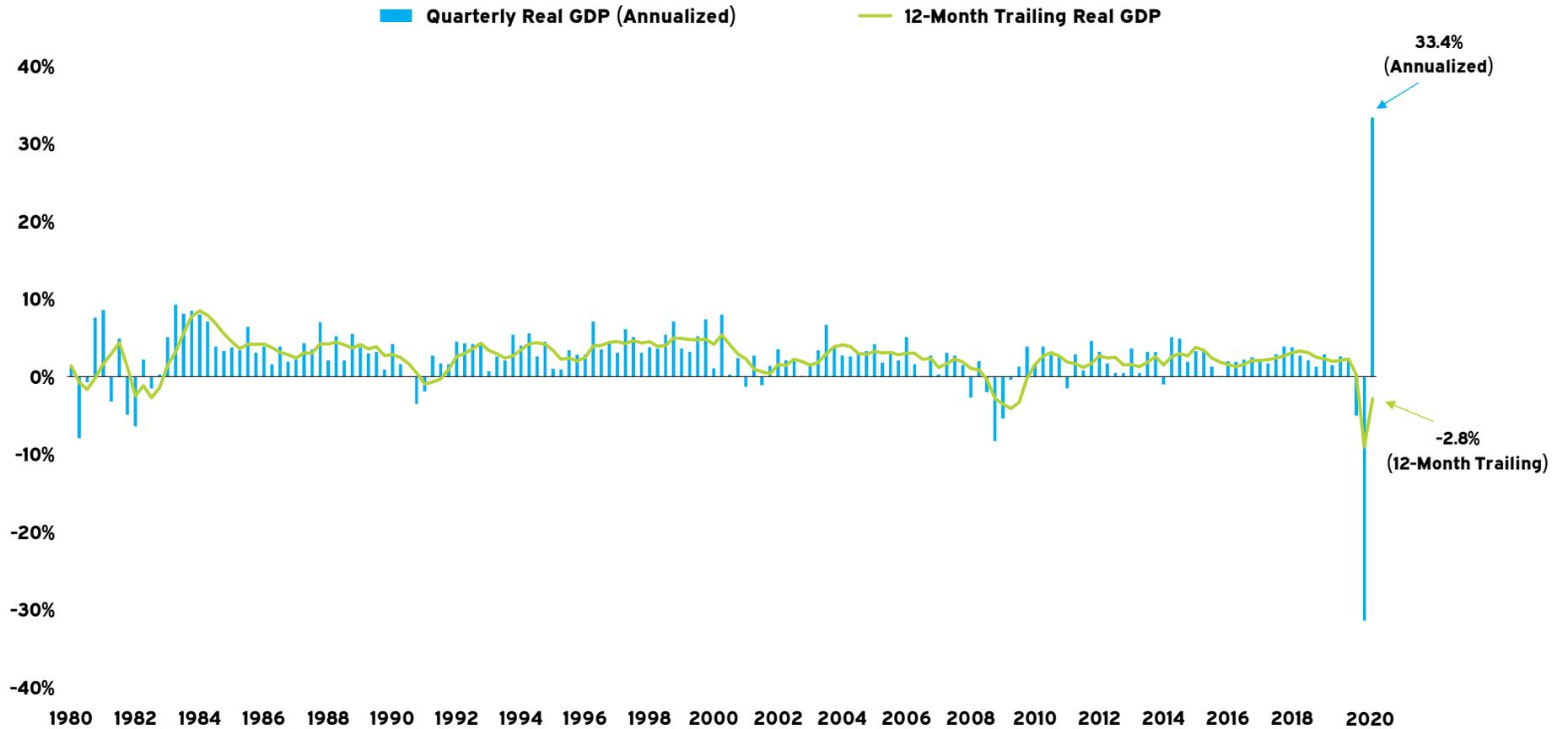
Credit Spreads vs. US Treasury Bonds^{1,2}



¹ Source: Barclays Live. Data represents the OAS.

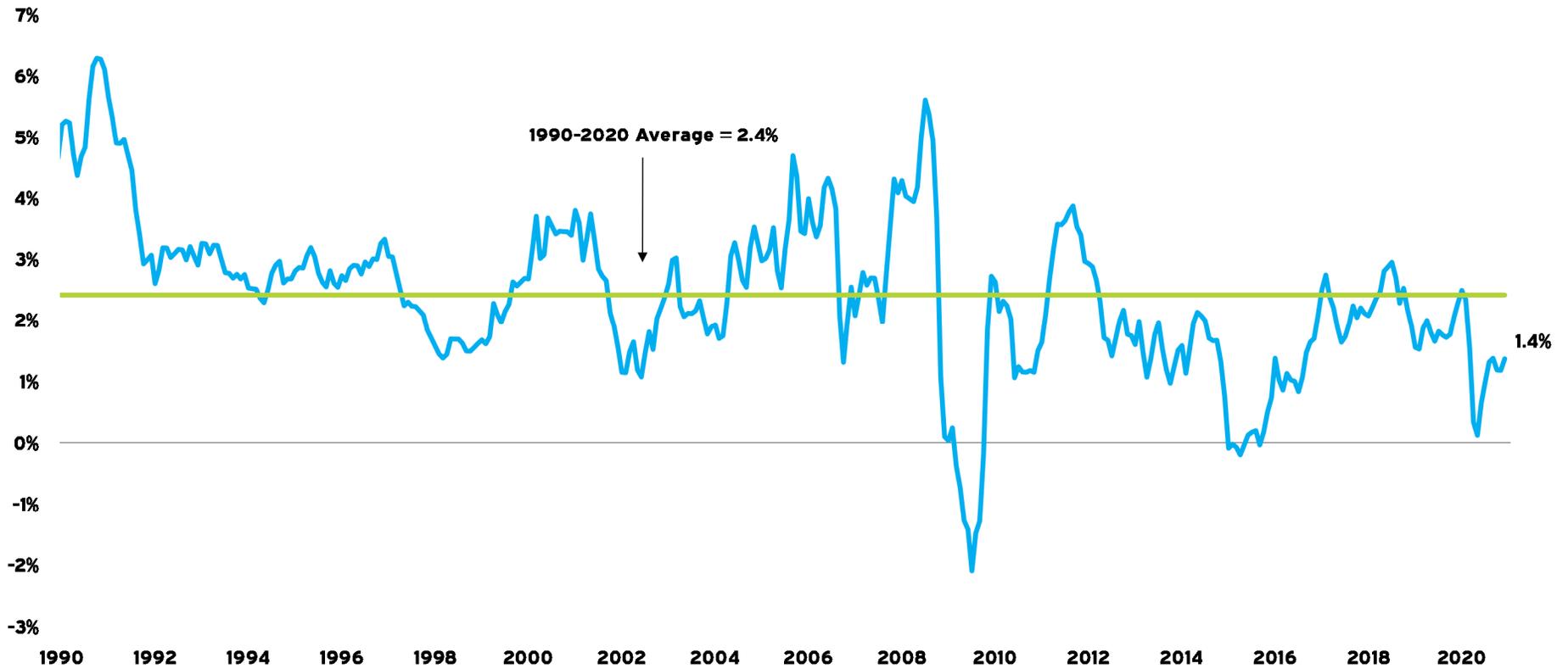
² The median high yield spread was 4.8% from 1997-2020.

US Real Gross Domestic Product (GDP) Growth¹



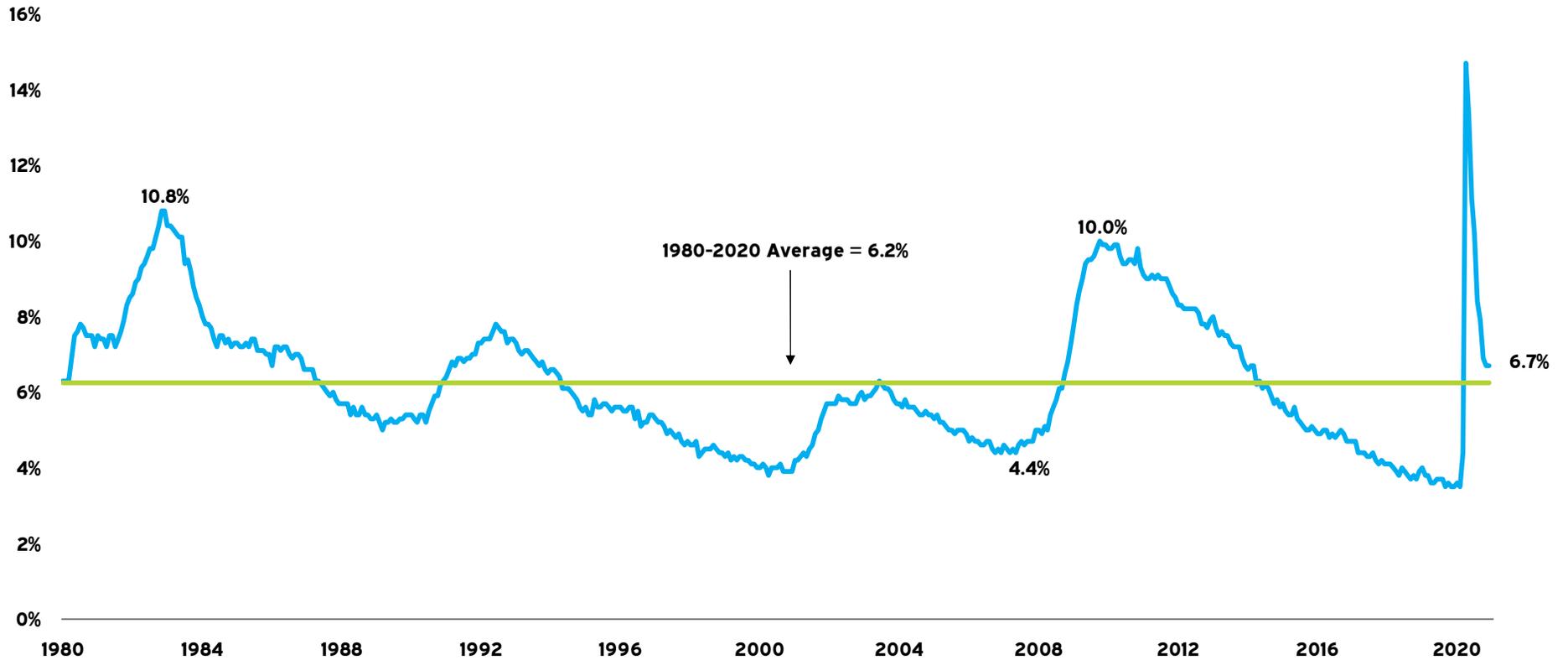
¹ Source: Bureau of Economic Analysis. Data is as of Q3 2020 and represents the third estimate.

US Inflation (CPI) Trailing Twelve Months¹



¹ Source: Bureau of Labor Statistics. Data is non-seasonally adjusted CPI, which may be volatile in the short-term. Data is as of December 31, 2020.

US Unemployment¹



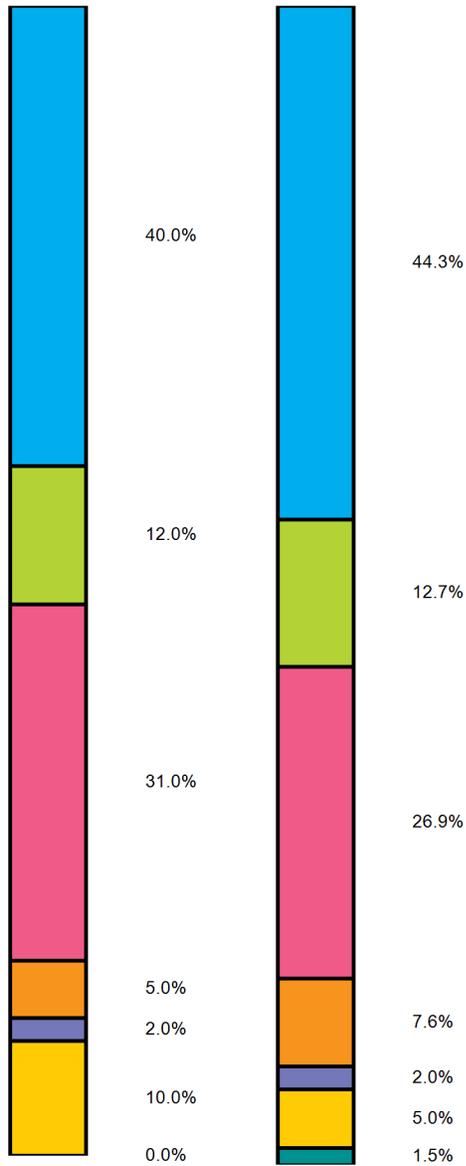
¹ Source: Bureau of Labor Statistics. Data is as of December 31, 2020.

Oakland Police and Fire Retirement System

January 27, 2021

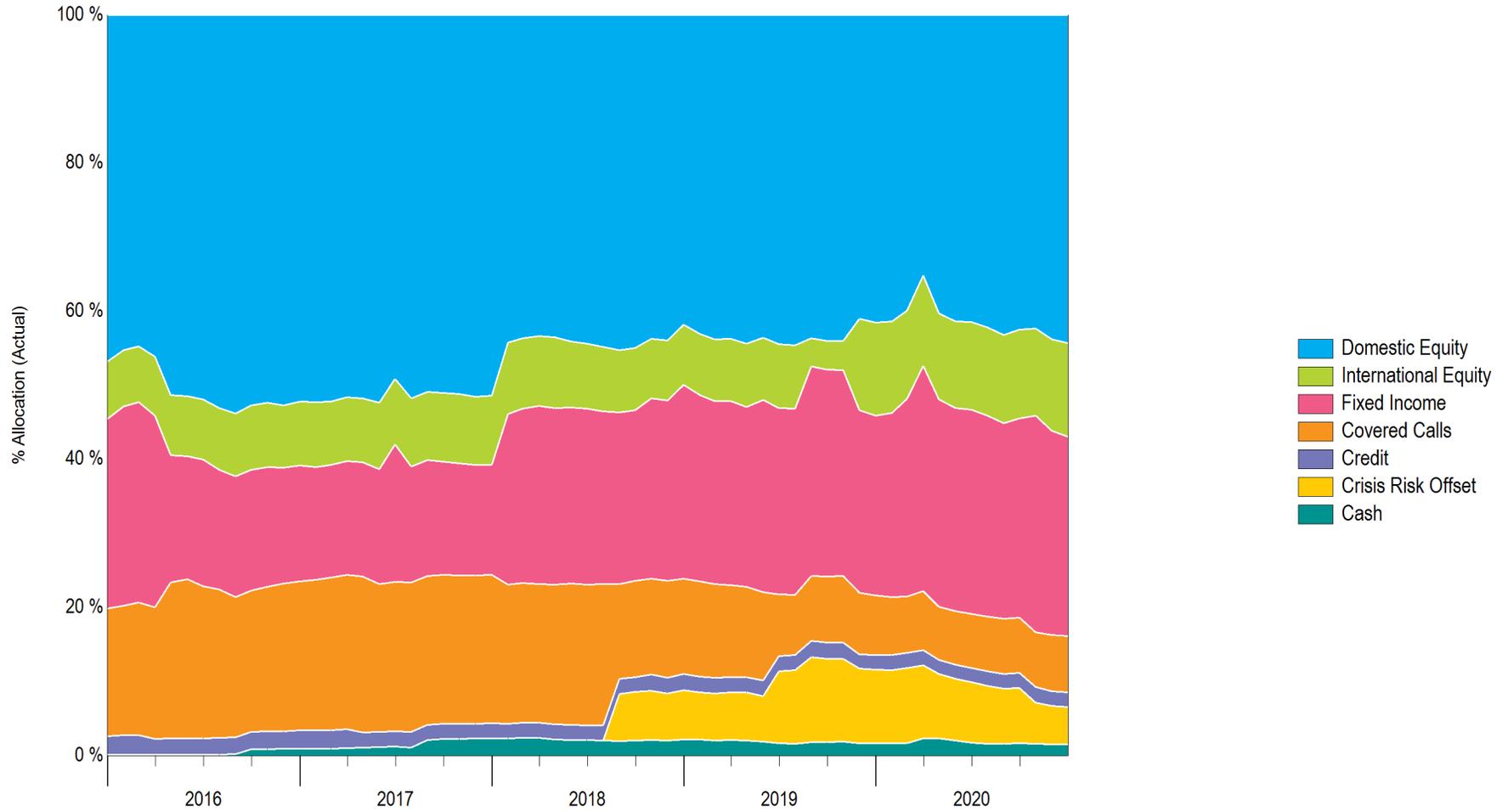
December Flash Report

OPFRS Total Plan As of December 31, 2020



Allocation vs. Targets and Policy						
	Current Balance	Current Allocation	Policy	Difference	Within IPS Range?	
Domestic Equity	\$192,333,913	44.3%	40.0%	4.3%	Yes	
International Equity	\$54,992,062	12.7%	12.0%	0.7%	Yes	
Fixed Income	\$116,895,373	26.9%	31.0%	-4.1%	Yes	
Covered Calls	\$32,961,805	7.6%	5.0%	2.6%	Yes	
Credit	\$8,617,686	2.0%	2.0%	0.0%	Yes	
Crisis Risk Offset	\$21,831,176	5.0%	10.0%	-5.0%	Yes	
Cash	\$6,474,682	1.5%	0.0%	1.5%	Yes	
Total	\$434,106,696	100.0%	100.0%			

Asset Allocation History
5 Years Ending December 31, 2020



Asset Class Performance Summary

	Market Value (\$)	% of Portfolio	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
OPFRS Total Plan	434,106,696	100.0	2.9	9.3	15.0	9.8	8.2	10.2	8.5	7.0	Dec-88
<i>OPFRS Policy Benchmark</i>			<i>2.7</i>	<i>8.1</i>	<i>13.6</i>	<i>11.7</i>	<i>8.3</i>	<i>10.1</i>	<i>8.1</i>	<i>8.4</i>	<i>Dec-88</i>
Domestic Equity	192,333,913	44.3	4.5	15.2	24.7	18.3	13.1	14.8	13.5	9.2	Jun-97
<i>Russell 3000 (Blend)</i>			<i>4.5</i>	<i>14.7</i>	<i>25.2</i>	<i>20.9</i>	<i>14.5</i>	<i>15.4</i>	<i>13.8</i>	<i>9.4</i>	<i>Jun-97</i>
International Equity	54,992,062	12.7	5.0	14.9	21.2	7.2	5.0	9.2	5.9	5.7	Jan-98
<i>MSCI ACWI ex US (Blend)</i>			<i>5.4</i>	<i>17.1</i>	<i>24.5</i>	<i>11.1</i>	<i>5.4</i>	<i>9.4</i>	<i>5.4</i>	<i>5.9</i>	<i>Jan-98</i>
Fixed Income	116,895,373	26.9	0.4	1.4	3.3	8.0	5.8	5.4	4.4	5.6	Dec-93
<i>Blmbg BC Universal (Blend)</i>			<i>0.3</i>	<i>1.3</i>	<i>2.3</i>	<i>7.6</i>	<i>5.5</i>	<i>4.9</i>	<i>4.2</i>	<i>5.4</i>	<i>Dec-93</i>
Credit	8,617,686	2.0	2.6	7.3	15.6	7.9	4.5	8.2	--	6.0	Feb-15
<i>BBgBarc US High Yield TR</i>			<i>1.9</i>	<i>6.5</i>	<i>11.3</i>	<i>7.1</i>	<i>6.2</i>	<i>8.6</i>	<i>6.8</i>	<i>6.3</i>	<i>Feb-15</i>
Covered Calls	32,961,805	7.6	3.3	10.3	18.1	11.4	9.1	10.6	--	9.3	Apr-14
<i>CBOE S&P 500 BuyWrite USD</i>			<i>1.8</i>	<i>1.4</i>	<i>8.0</i>	<i>-8.3</i>	<i>0.6</i>	<i>4.3</i>	<i>5.6</i>	<i>4.4</i>	<i>Apr-14</i>
Crisis Risk Offset	21,831,176	5.0	-1.2	-2.8	-4.0	-23.4	-7.1	--	--	-8.7	Aug-18
<i>SG Multi Alternative Risk Premia Index</i>			<i>0.8</i>	<i>-2.0</i>	<i>-2.6</i>	<i>-14.8</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-5.7</i>	<i>Aug-18</i>
Cash	6,474,682	1.5	0.0	0.0	0.0	1.1	1.8	1.4	--	0.7	Mar-11
<i>FTSE T-Bill 3 Months TR</i>			<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.6</i>	<i>1.6</i>	<i>1.2</i>	<i>0.6</i>	<i>0.6</i>	<i>Mar-11</i>

OPFRS Total Plan As of December 31, 2020

Trailing Net Performance												
	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
OPFRS Total Plan	434,106,696	100.0	--	2.9	9.3	15.0	9.8	8.2	10.2	8.5	7.0	Dec-88
<i>OPFRS Policy Benchmark</i>				<i>2.7</i>	<i>8.1</i>	<i>13.6</i>	<i>11.7</i>	<i>8.3</i>	<i>10.1</i>	<i>8.1</i>	<i>8.4</i>	<i>Dec-88</i>
Domestic Equity	192,333,913	44.3	44.3	4.5	15.2	24.7	18.3	13.1	14.8	13.5	9.2	Jun-97
<i>Russell 3000 (Blend)</i>				<i>4.5</i>	<i>14.7</i>	<i>25.2</i>	<i>20.9</i>	<i>14.5</i>	<i>15.4</i>	<i>13.8</i>	<i>9.4</i>	<i>Jun-97</i>
Northern Trust Russell 1000	107,771,639	24.8	56.0	4.2	13.7	24.4	20.8	14.8	15.5	14.0	14.9	Jun-10
<i>Russell 1000</i>				<i>4.2</i>	<i>13.7</i>	<i>24.5</i>	<i>21.0</i>	<i>14.8</i>	<i>15.6</i>	<i>14.0</i>	<i>14.9</i>	<i>Jun-10</i>
EARNEST Partners	40,963,567	9.4	21.3	5.0	18.2	28.2	21.2	14.9	17.3	14.2	10.9	Apr-06
<i>Russell MidCap</i>				<i>4.7</i>	<i>19.9</i>	<i>28.9</i>	<i>17.1</i>	<i>11.6</i>	<i>13.4</i>	<i>12.4</i>	<i>9.4</i>	<i>Apr-06</i>
Vanguard Russell 2000 Value	8,909,214	2.1	4.6	8.0	33.4	37.0	5.0	--	--	--	9.3	Aug-19
<i>Russell 2000 Value</i>				<i>7.9</i>	<i>33.4</i>	<i>36.8</i>	<i>4.6</i>	<i>3.7</i>	<i>9.7</i>	<i>8.7</i>	<i>8.8</i>	<i>Aug-19</i>
Rice Hall James	15,003,227	3.5	7.8	6.1	21.0	27.9	24.7	11.5	--	--	13.6	Jul-17
<i>Russell 2000 Growth</i>				<i>9.3</i>	<i>29.6</i>	<i>38.9</i>	<i>34.6</i>	<i>16.2</i>	<i>16.4</i>	<i>13.5</i>	<i>17.2</i>	<i>Jul-17</i>
iShares Edge MSCI Min Vol	19,686,265	4.5	10.2	2.3	7.0	13.0	--	--	--	--	27.5	Apr-20
<i>MSCI USA Minimum Volatility GR USD</i>				<i>2.3</i>	<i>6.9</i>	<i>13.1</i>	<i>5.8</i>	<i>11.2</i>	<i>12.6</i>	<i>13.4</i>	<i>27.6</i>	<i>Apr-20</i>
International Equity	54,992,062	12.7	12.7	5.0	14.9	21.2	7.2	5.0	9.2	5.9	5.7	Jan-98
<i>MSCI ACWI ex US (Blend)</i>				<i>5.4</i>	<i>17.1</i>	<i>24.5</i>	<i>11.1</i>	<i>5.4</i>	<i>9.4</i>	<i>5.4</i>	<i>5.9</i>	<i>Jan-98</i>
Vanguard Developed Markets ETF	16,374,309	3.8	29.8	5.6	16.5	23.5	10.0	--	--	--	16.7	Sep-19
<i>FTSE Developed All Cap Ex US TR USD</i>				<i>5.4</i>	<i>17.1</i>	<i>24.2</i>	<i>10.3</i>	<i>4.9</i>	<i>7.8</i>	<i>3.9</i>	<i>17.1</i>	<i>Sep-19</i>
SGA ACWI ex-U.S. Equity	38,257,641	8.8	69.6	4.7	14.1	20.7	7.6	--	--	--	7.6	Dec-19
<i>MSCI ACWI ex USA Gross</i>				<i>5.4</i>	<i>17.1</i>	<i>24.5</i>	<i>11.1</i>	<i>5.4</i>	<i>9.4</i>	<i>5.4</i>	<i>14.7</i>	<i>Dec-19</i>

International equity performance inclusive of residual cash in Fisher and Hansberger transition accounts.

OPFRS Total Plan As of December 31, 2020

	Market Value (\$)	% of Portfolio	% of Sector	1 Mo (%)	QTD (%)	Fiscal YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)	S.I. (%)	S.I. Date
Fixed Income	116,895,373	26.9	26.9	0.4	1.4	3.3	8.0	5.8	5.4	4.4	5.6	Dec-93
<i>Blmbg BC Universal (Blend)</i>				<i>0.3</i>	<i>1.3</i>	<i>2.3</i>	<i>7.6</i>	<i>5.5</i>	<i>4.9</i>	<i>4.2</i>	<i>5.4</i>	<i>Dec-93</i>
Ramirez	79,297,837	18.3	67.8	0.5	1.3	3.2	6.8	5.4	--	--	5.4	Jan-17
<i>BBgBarc US Aggregate TR</i>				<i>0.1</i>	<i>0.7</i>	<i>1.3</i>	<i>7.5</i>	<i>5.3</i>	<i>4.4</i>	<i>3.8</i>	<i>4.9</i>	<i>Jan-17</i>
Reams	29,931,453	6.9	25.6	0.3	1.8	3.8	20.2	9.7	7.2	5.6	6.2	Feb-98
<i>Blmbg BC Universal (Blend)</i>				<i>0.3</i>	<i>1.3</i>	<i>2.3</i>	<i>7.6</i>	<i>5.5</i>	<i>4.9</i>	<i>4.2</i>	<i>5.1</i>	<i>Feb-98</i>
iShares Core US Aggregate Bond ETF	7,666,040	1.8	6.6	-0.2	--	--	--	--	--	--	1.0	Nov-20
<i>BBgBarc US Aggregate TR</i>				<i>0.1</i>	<i>0.7</i>	<i>1.3</i>	<i>7.5</i>	<i>5.3</i>	<i>4.4</i>	<i>3.8</i>	<i>1.1</i>	<i>Nov-20</i>
Credit	8,617,686	2.0	2.0	2.6	7.3	15.6	7.9	4.5	8.2	--	6.0	Feb-15
<i>BBgBarc US High Yield TR</i>				<i>1.9</i>	<i>6.5</i>	<i>11.3</i>	<i>7.1</i>	<i>6.2</i>	<i>8.6</i>	<i>6.8</i>	<i>6.3</i>	<i>Feb-15</i>
DDJ Capital	8,617,686	2.0	100.0	2.6	7.3	15.6	7.9	4.5	8.2	--	6.0	Feb-15
<i>ICE BofA High Yield Master TR</i>				<i>1.9</i>	<i>6.5</i>	<i>11.5</i>	<i>6.2</i>	<i>5.9</i>	<i>8.4</i>	<i>6.6</i>	<i>6.1</i>	<i>Feb-15</i>
Covered Calls	32,961,805	7.6	7.6	3.3	10.3	18.1	11.4	9.1	10.6	--	9.3	Apr-14
<i>CBOE S&P 500 BuyWrite USD</i>				<i>1.8</i>	<i>1.4</i>	<i>8.0</i>	<i>-8.3</i>	<i>0.6</i>	<i>4.3</i>	<i>5.6</i>	<i>4.4</i>	<i>Apr-14</i>
Parametric BXM	14,794,038	3.4	44.9	2.9	8.0	14.8	6.0	5.9	7.9	--	7.2	Apr-14
<i>CBOE S&P 500 BuyWrite USD</i>				<i>1.8</i>	<i>1.4</i>	<i>8.0</i>	<i>-8.3</i>	<i>0.6</i>	<i>4.3</i>	<i>5.6</i>	<i>4.4</i>	<i>Apr-14</i>
Parametric DeltaShift	18,167,767	4.2	55.1	3.6	12.1	20.9	16.4	12.1	13.1	--	11.7	Apr-14
<i>CBOE S&P 500 BuyWrite USD</i>				<i>1.8</i>	<i>1.4</i>	<i>8.0</i>	<i>-8.3</i>	<i>0.6</i>	<i>4.3</i>	<i>5.6</i>	<i>4.4</i>	<i>Apr-14</i>
Crisis Risk Offset	21,831,176	5.0	5.0	-1.2	-2.8	-4.0	-23.4	-7.1	--	--	-8.7	Aug-18
<i>SG Multi Alternative Risk Premia Index</i>				<i>0.8</i>	<i>-2.0</i>	<i>-2.6</i>	<i>-14.8</i>	<i>--</i>	<i>--</i>	<i>--</i>	<i>-5.7</i>	<i>Aug-18</i>
Vanguard Long-Term Treasury ETF	21,831,176	5.0	100.0	-1.2	-3.0	-3.0	17.4	--	--	--	13.8	Jul-19
<i>BBgBarc US Govt Long TR</i>				<i>-1.2</i>	<i>-3.0</i>	<i>-2.8</i>	<i>17.6</i>	<i>9.8</i>	<i>7.8</i>	<i>7.7</i>	<i>13.9</i>	<i>Jul-19</i>
Cash	6,474,682	1.5	1.5	0.0	0.0	0.0	1.1	1.8	1.4	--	0.7	Mar-11
<i>FTSE T-Bill 3 Months TR</i>				<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.6</i>	<i>1.6</i>	<i>1.2</i>	<i>0.6</i>	<i>0.6</i>	<i>Mar-11</i>
Cash	312,682	0.1	4.8	0.0	0.7	1.0	2.2	2.2	1.7	--	0.8	Mar-11
<i>FTSE T-Bill 3 Months TR</i>				<i>0.0</i>	<i>0.0</i>	<i>0.1</i>	<i>0.6</i>	<i>1.6</i>	<i>1.2</i>	<i>0.6</i>	<i>0.6</i>	<i>Mar-11</i>
Cash - Treasury	6,162,000	1.4	95.2									

OPFRS Total Plan As of December 31, 2020

Cash Flow Summary

Month to Date

	Beginning Market Value	Net Cash Flow	Net Investment Change	Ending Market Value
Cash	\$261,455	\$51,198	\$29	\$312,682
Cash - Treasury	\$6,012,000	\$150,000	\$0	\$6,162,000
DDJ Capital	\$8,402,232	\$0	\$215,454	\$8,617,686
EARNEST Partners	\$39,020,526	\$0	\$1,943,040	\$40,963,567
Fisher Transition	\$68,597	\$0	\$1,581	\$70,178
Hansberger Transition	\$260,178	\$0	\$29,756	\$289,935
iShares Core US Aggregate Bond ETF	\$7,680,958	\$0	-\$14,918	\$7,666,040
iShares Edge MSCI Min Vol	\$19,250,177	\$0	\$436,088	\$19,686,265
Northern Trust Russell 1000	\$104,407,800	-\$1,000,000	\$4,363,838	\$107,771,639
Parametric BXM	\$14,379,701	\$0	\$414,337	\$14,794,038
Parametric DeltaShift	\$17,528,333	\$0	\$639,434	\$18,167,767
Ramirez	\$78,910,300	\$0	\$387,537	\$79,297,837
Reams	\$29,834,810	\$0	\$96,643	\$29,931,453
Reams Low Duration	\$44	\$0	\$0	\$44
Rice Hall James	\$14,141,466	\$0	\$861,761	\$15,003,227
Securities Lending Northern Trust	\$0	-\$8,716	\$8,716	\$0
SGA ACWI ex-U.S. Equity	\$36,544,410	\$0	\$1,713,230	\$38,257,641
Vanguard Developed Markets ETF	\$15,525,500	\$0	\$848,809	\$16,374,309
Vanguard Long-Term Treasury ETF	\$22,126,458	\$0	-\$295,282	\$21,831,176
Vanguard Russell 2000 Value	\$8,269,525	\$0	\$639,689	\$8,909,214
Total	\$422,624,471	-\$807,518	\$12,289,743	\$434,106,696

Benchmark History
As of December 31, 2020

Total Plan x Securities Lending x Reams LD Exception Comp

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

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.

MEMORANDUM

TO: Oakland Police and Fire Retirement System (OPFRS)
FROM: David Sancewich, Paola Nealon, Sidney Kawanguzi - Meketa Investment Group
DATE: January 27, 2021
RE: Crisis Risk Offset Class Component Review and Recommendation

Summary and Recommendation

The Crisis Risk Offset strategic class is structured to contain an allocation to three separate strategies; Long Duration, Systematic Trend Following, and Alternative Risk Premia. These strategies are expected to each play a different and complimentary role (summarized below) and be held in roughly equal parts.

- **Long Duration**

Long Duration strategies involve investing in US Treasury securities which have longer maturities (typically >10-years). The role of Long Duration is to be a first responder during periods of economic/market stress. Long Duration is expected to benefit from flight-to-quality behavior during these periods.

- **Systematic Trend Following**

Systematic Trend Following strategies involve investing in markets that have been rising and shorting markets that have been falling, expecting that those trends continue. Systematic Trend Following strategies' role within the overall CRO strategic class is to exploit longer-run downturns during market crises and act as a second responder.

- **Alternative Risk Premia**

Alternative Risk Premia strategies use transparent rules in liquid markets across various asset groups (equities, fixed income, currencies, and commodities) by investing long and short in securities and markets in a market-neutral fashion, to isolate returns from alternative risk premiums (such as value, carry, momentum, and low-volatility). The role of Alternative Risk Premia strategies is to produce returns that are uncorrelated to the other CRO strategic class components and the total OPFRS portfolio.

The original implementation used by OPFRS combined the allocation to Systematic Trend Following and Alternative Risk Premia by allocating to one manager (Parametric) which had a significant allocation to both strategies. At the September 30, 2020 PFRS board meeting, Meketa discussed with the trustees the pending October closure of the Parametric Systematic Alternative Risk Premia strategy which allocated across both Alternative Risk Premia and Systematic Trend Following.

As a result, Parametric returned 100% of OPFRS capital. On an interim basis, the capital was moved into 50% BB Aggregate ETF within the Fixed Income strategic class and 50% to Long Duration. In considering replacements for the Systematic Trend Following and Alternative Risk Premia components, Meketa believes that OPFRS should fund two separate strategies (one for each component) as opposed to one combined strategy. The main considerations for this belief are highlighted below:

- The material size of the allocation to Systematic Trend Following within the Parametric strategy was somewhat unique as most other strategies which include both components allocate 20% or less to the strategy.
- An allocation of 20% or less to Systematic Trend Following within a combined solution significantly reduces the potential benefit of the strategy in contributing to the overall goals of the CRO strategic class. A combined strategy would allow for an estimated 6.7% allocation ($20\% * 1/3^{rd}$) to Systematic Trend Following versus a likely 33.3% allocation if all Crisis Risk Offset strategic class components were given roughly equal weights.
- The universe of Alternative Risk Premia strategies has evolved significantly over the last 3-years to include a more high quality offerings which exclude allocations to Systematic Trend Following.

Given the items highlighted above, **Meketa recommends that OPFRS identify separate strategies to fill the roles of Alternative Risk Premia and Systematic Trend Following.** An allocation to two separate strategies would replace the original allocation to Parametric.

In considering next steps for identifying managers to fill each of the two roles, **Meketa recommends OPFRS direct Meketa to create a short-list of candidates for further consideration.** Meketa most recently conducted a full RFI process for each strategy in 2019 and is intimately familiar with the investment managers and offerings for both strategies. Should OPFRS move forward with this recommendation, we would anticipate presenting the short-list of managers for consideration at the next meeting with interviews scheduled at the subsequent meeting.

If you have any further questions please feel free to call us at (503) 226-1050.

DS, PN, SK, pq

MEMORANDUM

TO: Oakland Police and Fire Retirement System (OPFRS)
FROM: David Sancewich, Paola Nealon, Sidney Kawanguzi – Meketa Inv. Group
DATE: January 19, 2021
RE: Diversity Representation Survey of Managers

The purpose of this memo is to provide the System with data collected by surveying asset managers regarding their diversity representation as of December 31, 2020. The System requested that Meketa Investment Group collect this information at the December 10, 2020 Board meeting as part of the discussion on minority representation at a specific manager, and as a recurring annual exercise.

Minority representation data for 7 managers and Meketa are displayed in the tables that follow.

Percentage of Board of Directors/ Managing Members

Race and Ethnicity ¹	DDJ ²	Earnest Partners	Northern Trust	Meketa	Parametric ³	Ramirez	REAMS	Rice Hall James
African American/Black	0%	18%	5%	3%	0%	0%	0%	0%
Asian/Hawaiian/Pacific Islander	0%	27%	9%	7%	10%	0%	0%	17%
Latino/Hispanic	0%	0%	5%	5%	0%	50%	0%	0%
White	100%	55%	80%	85%	80%	50%	100%	83%
American Indian/Alaska Native	0%	0%	0%	0%	0%	0%	0%	0%
Other	0%	0%	1%	0%	10%	0%	0%	0%
Gender								
Male	80%	63%	64%	67%	80%	100%	100%	66%
Female	20%	37%	36%	33%	20%	0%	0%	34%
Non-Identified/Other	0%	0%	0%	0%	0%	0%	0%	0%

¹ Racial/ Ethnic categories throughout this document are as defined by EEOC guidance

² DDJ does not maintain a Board of Directors. DDJ has included (1) the members of DDJ's management operating committee, and (2) the members of DDJ's five-person investment review committee.

³ Parametric does not have a Board of Directors. Data presented is for the firm's Executive Committee ("EC").



Percentage of Firm (Entire Staff)

Race and Ethnicity	DDJ	Earnest Partners	Northern Trust	Meketa	Parametric	Ramirez	REAMS	Rice Hall James
African American/Black	2%	23%	9%	6%	2%	9%	0%	3%
Asian/Hawaiian/Pacific Islander	4%	20%	8%	9%	17%	17%	3%	10%
Latino/Hispanic	2%	0%	7%	7%	3%	17%	0%	3%
White	91%	58%	72%	76%	73%	57%	97%	84%
American Indian/Alaska Native	0%	0%	0%	0%	0%	0%	0%	0%
Other	2%	0%	2%	2%	5%	0%	0%	0%
Gender								
Male	63%	73%	62%	56%	66%	74%	53%	62%
Female	37%	27%	38%	44%	34%	26%	47%	38%
Non-Identified/Other	0%	0%	0%	0%	0%	0%	0%	0%

Percentage of Firm (Investment Professionals)

Race and Ethnicity*	DDJ	Earnest Partners	Northern Trust	Meketa	Parametric	Ramirez	REAMS	Rice Hall James
African American/Black	0%	20%	9%	4%	2%	13%	0%	0%
Asian/Hawaiian/Pacific Islander	6%	20%	10%	11%	17%	38%	0%	6%
Latino/Hispanic	6%	0%	6%	7%	1%	13%	0%	0%
White	89%	60%	74%	75%	74%	38%	100%	94%
American Indian/Alaska Native	0%	0%	0%	0%	1%	0%	0%	0%
Other	0%	0%	3%	2%	5%	0%	0%	0%
Gender								
Male	89%	70%	69%	69%	82%	63%	100%	78%
Female	11%	30%	31%	31%	18%	38%	0%	22%
Non-Identified/Other	0%	0%	0%	0%	0%	0%	0%	0%

DS, PN, SK, pq



AGENDA REPORT

TO: Oakland Police and Fire Retirement Board
FROM: David F. Jones

SUBJECT: Emergency procedures for terminating or limiting trading discretion of PFRS investment managers to protect PFRS fund assets
DATE: January 21, 2021

SUMMARY

At the October 30, 2019 PFRS Board Meeting, Plan Administrator David Jones recommended the PFRS Board discuss considerations regarding the establishment of emergency procedures for terminating or limiting trading discretion of PFRS investment managers to protect PFRS fund assets. Staff presented excerpts of Emergency Procedures language used by other pension systems.

At the September 30, 2020 PFRS Board Meeting, staff was directed to work with the PFRS Investment Consultant (Meketa) and the Investment Committee Chair to provide the PFRS Board proposed Emergency Procedures for the System.

At the October 28, 2020 PFRS Board Meeting, staff was directed to work with PFRS Legal Counsel to refine the language of the proposed Emergency Procedures for the System to identify specific scenarios to further define what constitutes an emergency and put in place procedures to determine what actions can be taken to remedy a financial emergency in order. Staff was directed to bring a final version to present as an actionable item at a subsequent meeting. **ATTACHMENT 1** shows the proposed Emergency Procedures for PFRS.

RECOMMENDATION

Staff recommends that the Board review the attached proposed Emergency Procedures and approve for further action. Upon approval, staff recommends that these procedures be added to the existing PFRS Investment Policy.

Respectfully submitted,

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

Attachment (1):

Proposed Emergency Procedures Policy to Terminate/Limit Investment Managers

Agenda Item D8
PFRS Board Meeting
January 27, 2021

ATTACHMENT 1

**Proposed
Emergency Procedures Policy
To
Terminate/Limit Investment Managers**

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM POLICIES AND PROCEDURES FOR EMERGENCY TERMINATION OR LIMITATION OF INVESTMENT MANAGER POWERS AND AUTHORITY

The Police and Fire Retirement System (“PFRS”) was established in 1951 by Article XXVI of the Charter of the City of Oakland (“Charter”), and is a closed City of Oakland-operated retirement system for retirees of the Oakland Police and Fire Departments. Section 2601 of the Charter creates the Police and Fire Retirement System Board (“Board”), authorizes the Board to make all necessary rules and regulations for its guidance, and provides that the Board shall have exclusive control of the administration and investment of the PFRS fund. The PFRS Board has determined that it is necessary to establish a policy and procedures for the emergency termination or limitation of the powers and authority of PFRS investment managers in situations where immediate action is necessary to protect PFRS assets and the Board is unable to convene an emergency meeting. Accordingly, the PFRS Board has promulgated these Policies and Procedures for emergency termination or limitation of investment manager powers and authority pursuant to its authority under Section 2601 of the Charter.

1. EMERGENCY DEFINED

The emergency procedures for terminating or limiting the powers and authority of a PFRS investment manager set forth below shall be utilized *only* in the following emergency situations:

- a. War, terrorist attack or natural disaster that disrupts a PFRS investment manager’s ability manage PFRS assets;
- b. Verified reports of misconduct or fraud by an PFRS investment management firm, its officers or employees;
- c. Mass departure of critical investment personnel from a PFRS investment management firm;
- d. Sudden closure of a fund in which PFRS assets are invested;
- e. Sudden shutdown or closure of an PFRS investment management firm; and
- f. Threatened litigation

2. EMERGENCY ACTION TEAM

Any action taken pursuant to these emergency policies and procedures shall *only* be taken by unanimous or majority vote of the Emergency Action Team. The Emergency Action Team shall include:

- a. the PFRS Plan Administrator or the PFRS Investment Operations Manager;
- b. at least two of the following PFRS Board members: PFRS Board President, Chair of the PFRS Investment Committee or Chair of the PFRS Audit Committee; and
- c. PFRS Investment Consultant who is currently under contract with PFRS to provide investment advice to the PFRS Board.

The Emergency Action Team shall be authorized to consult PFRS counsel as necessary prior to taking any action to terminate or limit the power or authority of a PFRS investment manager pursuant to these emergency policies and procedures.

3. EMERGENCY ACTION TEAM AUTHORITY

The Emergency Action Team shall be authorized to take the following actions in the above-defined emergency situations:

- a. Terminate a PFRS investment managers trading and investment authority for a limited time period not to exceed two weeks; or

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
POLICIES AND PROCEDURES FOR EMERGENCY TERMINATION OR LIMITATION
OF INVESTMENT MANAGER POWERS AND AUTHORITY**

- b. Terminate a PFRS Investment manager, hold the asset(s) or liquidate the fund and purchase an Exchange Traded Fund (ETF). This action shall be taken *only as a last resort* and in circumstances where the Emergency Action Team has determined that the temporary termination of an investment managers trading and investment authority will not be sufficient to protect PFRS assets until an emergency meeting of the PFRS Board can be convened.

4. EMERGENCY ACTION PROCEDURES

Prior to taking the emergency actions authorized in subsection 3 above, the Emergency Action Team shall take the following steps:

- a. Meet to discuss the triggering event and the action that should be taken to protect PFRS assets. The Emergency Action Team shall not be required to meet in person to satisfy this step; a telephone conference or other virtual meeting will suffice as long as four (4) members of the Emergency Action Team, including two of the designated Board members and PFRS Investment Consultant, are present during the meeting.
- b. Vote on the action to be taken to protect PFRS assets. The identity of each voting member and his or her vote shall be recorded in writing contemporaneously with the vote so that the vote can be reported to the PFRS Board at its next meeting.
- c. Report the action taken, the basis for taking said action and the names of the Emergency Action Team members that voted for and against taking said action to the PFRS Board **at the next board meeting.**

The Oakland Police and Fire Retirement System Policies and Procedures for Emergency Termination or Limitation of Investment Manager Powers and Authority have been approved by vote of the Oakland Police and Fire Retirement Board, effective _____.

Walter L. Johnson, Sr.
President, Oakland Police & Fire Retirement
System Board

David Jones
Plan Administrator and Secretary, Oakland Police
& Fire Retirement System Board

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved to
Form
and Legality



RESOLUTION No. 8009

ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

RESOLUTION APPROVING DEATH BENEFIT PAYMENTS AND DIRECTING WARRANTS THEREUNDER IN THE TOTAL SUM OF \$1,000.00 PAYABLE TO THE BENEFICIARIES OF DECEASED MEMBERS, RICHARD CADEMARTORI, AND ROBERT L. FROINES.

WHEREAS, due proof having been received of the death of the persons named in Column (1) below, retired members of the Oakland Police or Fire Department, under XXVI of the Charter of the City of Oakland; and

WHEREAS, the beneficiaries to whom the death benefit provided in Charter Section 2612 are payable, are the persons whose names are stated in Column (2) opposite the respective names of the deceased retired member; and

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

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

FURTHER RESOLVED: That the Director of Finance, be and is hereby directed to draw and sign warrants for the amount in Column (3) payable to the respective persons whose name(s) appear(s) in Column (2):

(1)	(2)	(3)
Name of Deceased Member	Name of Beneficiary	Death Benefit Amount
Richard Cademartori	Christine Marie Davis	\$1,000.00
Robert L. Froines	Matthew Froines	\$500.00
	Andrew Froines	\$500.00

IN BOARD MEETING, VIA ZOOM CONFERENCE _____ JANUARY 27, 2021 _____

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved to
Form
and Legality



RESOLUTION No. 8010

ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

**RESOLUTION FIXING THE MONTHLY ALLOWANCE
OF PAULINE J. DOWNUM, SURVIVING SPOUSE OF
DENNIS E. DOWNUM; RETIRED MEMBER OF THE
POLICE AND FIRE RETIREMENT SYSTEM**

WHEREAS, the retired member of the Police and Fire Retirement System, whose name appears in Column (1) below, died on the date shown in Column (2) below; and

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

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

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

(1)	(2)	(3)	(4)	(5)	(6)	(7)
Name of Deceased Member	Date of Death	Name of Surviving Spouse	Effective Date of Allowance	Form of Retirement	% of Compensation Attached to Avg. Rank Held	Monthly Allowance
Dennis E. Downum	11/02/2020	Pauline J. Downum	11/03/2020	SVC	0.2801333	\$3,884.38

IN BOARD MEETING, VIA ZOOM CONFERENCE _____ JANUARY 27, 2021 _____

PASSED BY THE FOLLOWING VOTE:

AYES:

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY