

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

Oakland Police and Fire Retirement Board meetings are held in wheelchair accessible facilities. Contact Retirement Systems, 150 Frank Ogawa Plaza, Suite 3332 or call (510) 238-7295 for additional information.



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

AGENDA

AUDIT COMMITTEE MEMBERS

John C. Speakman
Chairman

Christine Daniel
Member

Robert J. Muszar
Member

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

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

**Wednesday, April 25, 2018 – 9:00 am
One Frank H. Ogawa Plaza, Hearing Room 3
Oakland, California 94612**

AMENDED

- - - ORDER OF BUSINESS - - -

- 1. Subject: March 28, 2018 PFRS Audit Committee Meeting Minutes**
From: Staff of the PFRS Board

Recommendation: APPROVE March 28, 2018 Audit Committee meeting minutes.
- 2. Subject: Administrative Expenses Report**
From: Staff of the PFRS Board

Recommendation: ACCEPT an informational report regarding PFRS Administrative Expenses from July 1, 2017 through February 28, 2018.
- 3. Subject: Mid-cycle 2017-2019 PFRS Administrative Budget**
From: Staff of the PFRS Board

Recommendation: RECOMMEND BOARD APPROVAL of the Mid-cycle 2017-2019 PFRS Administrative Budget.
- 4. Subject: City of Oakland Insurance for PFRS Board Members**
From: Staff of the PFRS Board

Recommendation: ACCEPT an informational report regarding City of Oakland Insurance for PFRS Board Members.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR AUDIT COMMITTEE MEETING
APRIL 25, 2017**

ORDER OF BUSINESS, continued

5. **Subject:** **PFRS Rules and Regulations**
From: **Staff of the PFRS Board**

Recommendation: **RECOMMEND BOARD APPROVAL** of the updated PFRS Rules and Regulations.
6. **Subject:** **PFRS Policy Governing the Overpayment or Underpayment of Member Benefits**
From: **Staff of the PFRS Board**

Recommendation: **DISCUSSION** regarding PFRS Policy Governing the Overpayment or Underpayment of Member Benefits.
7. **Subject:** **Discussion regarding PFRS July 1, 2026 Actuary Funding Deadline**
From: **Staff of the PFRS Board**

Recommendation: **DISCUSSION** regarding PFRS July 1, 2026 Actuary Funding Deadline.
8. **REVIEW OF PENDING AUDIT AGENDA ITEMS**
9. **Future Scheduling**
10. **Open Forum**
11. **Adjournment of Meeting**

AN AUDIT/OPERATIONS COMMITTEE MEETING of the Oakland Police and Fire Retirement System (“PFRS”) was held on Wednesday, March 28, 2018 in Hearing Room 3, One Frank Ogawa Plaza, Oakland, California.

Committee Members Present: • John C. Speakman, Chairman
• Robert J. Muszar, Member
• Christine Daniel, Member

Additional Attendees: • Katano Kasaine, Plan Administrator
• Teir Jenkins & David Low, Staff Member
• Pelayo Llamas, PFRS Legal Counsel

The meeting was called to order at 11:56 am.

1. **Approval of February 28, 2018 Audit Committee meeting minutes** – Member Muszar made a motion to approve the February 28, 2018 Audit Committee meeting minutes, second by Member Daniel. Motion passed.

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

2. **Actuary Valuation of the PFRS Fund as of July 1, 2017** –Tim Doyle from Cheiron, Inc. (PFRS Actuary) presented the Actuary Valuation Report of the PFRS Plan as of July 1, 2017. Mr. Doyle explained the results of the Actuary Valuation Report following the application of the experience study approved by the PFRS Board at the February 28, 2018 Board meeting.

Member Muszar noted several concerns regarding certain terms used in the Actuary valuation such as “full funding.” Following Audit Committee and staff discussion, Member Daniel made a motion to recommend Board approval of the Actuary Valuation of the PFRS Fund as of July 1, 2017, second by member Muszar. Motion passed.

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

3. **Administrative Expenses Report** – Investment Officer Teir Jenkins presented the administrative expenses report from July 1, 2017 through January 31, 2018. Member Muszar made a motion to accept the report from July 1, 2017 through January 31, 2018, second by member Daniel. Motion passed.

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

4. **Revision to the PFRS Education and Travel Policy** – The Audit Committee and staff continued the review and edit of the PFRS Education and Travel Policy. Upon completion of their review and edits, member Muszar made a motion to recommend Board approval the Audit Committee’s direction that staff prepare and submit to the PFRS Board a final version of the PFRS Education and Travel Policy at its April 2018 meeting for review and approval, second my Member Daniel. Motion passed.

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

Chairman Speakman took Agenda Items No. 6 and 7 out of order.

6. **PFRS July 1, 2026 Actuary Funding Deadline** – The Audit Committee discussed options to address Charter section 2619(6), which, in part, states “The City contributions made periodically during the year shall be such as when added to member contributions will actuarial fund all liabilities for all members prior to July 1, 1976, by July 1, 2026”. Member Muszar said he wanted to open dialogue on this matter between parties that include the City, PFRS staff and the PFRS Board. He said he hoped an Audit Committee representative and the Plan Administrator could speak with the City Administrator to form a work group to address this matter. Following committee and staff discussion, member Daniel made a motion (1) directing the Plan Administrator to ask the City Administrator to speak with a member of the PFRS Board to discuss charter section 2619 with the Plan administrator, (2) hold this matter for Audit Committee discussion at the April 2018 Audit Committee meeting, and (3) request the Plan Administrator submit a progress report at the April 2018 Audit Committee meeting, second by member Muszar. Motion passed.

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

7. **Resolution No. 7009 - Travel authorization for PFRS Board Member Jaime Godfrey** – Member Daniel made a motion to recommend Board approval of Resolution No. 7009 – Travel authorization for PFRS Board Member Jaime Godfrey to travel to and attend the 2018 IMN Global Indexing and ETF Conference (“IMN Conference”) from June 26, 2018 to June 28, 2018 in Dana Point, CA with an estimated budget of One Thousand Nine Hundred Eighty-two Dollars (\$1,982.00), second by member Muszar. Motion passed.

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

5. **Review of PFRS Rules and Regulations** – The Audit Committee and staff continued the review and edit of the PFRS Rules and Regulations. Upon the completion of their principal review and edit, Member Muszar said he had a several comments related to hearing procedures which may affect further editing to the PFRS Rules and Regulations. Following committee discussion, member Daniel made a motion directing staff complete an updated draft of the PFRS Rules and Regulations to date for continued discussion at the April 2018 Audit Committee meeting, and to provide the committee with the hearing procedures adopted by the Board for overpayment recovery hearings conducted in early 2016, second by member Muszar. Motion passed.

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

8. **Pending Audit Agenda List** – Staff and Audit Committee discussed the pending items list. The Audit Committee and Staff discussed the purpose and use of the pending audit agenda list.

9. **Future Scheduling** – The next Audit Committee meeting was scheduled for April 25, 2018.

10. **Open Forum** – No Report.

11. **Meeting Adjournment** – Meeting adjourned at 1:30 pm.

JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN

DATE

DRAFT

Table 1

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Administrative Budget Spent to Date (Preliminary)

As of February 28, 2018

	Amended					
	Budget	February 2018	FYTD	Remaining	Percent Remaining	
Internal Administrative Costs						
PFRS Staff Salaries	\$ 1,052,800	\$ 63,048	\$ 580,630	\$ 472,170	44.8%	
Board Travel Expenditures	52,500	482	5,684	46,816	89.2%	
Staff Training	10,000	628	3,613	6,387	63.9%	
Staff Training - Tuition Reimbursement	7,500	-	3,280	4,220	56.3%	
Annual Report & Duplicating Services	4,000	-	932	3,069	76.7%	
Board Hospitality	2,600	303	966	1,634	62.9%	
Payroll Processing Fees	35,000	-	-	35,000	100.0%	
Miscellaneous Expenditures	30,000	1,150	38,212	(8,212)	-27.4%	
Contract Services Contingency	1,200	-	1,200	-	0.0%	
Office Construction Costs	127,143	-	-	127,143	100.0%	
Internal Administrative Costs Subtotal :	\$ 1,322,743	\$ 65,611	\$ 634,516	\$ 688,227	52.0%	
Actuary and Accounting Services						
Audit	\$ 45,000	\$ -	\$ 40,747	\$ 4,253	9.5%	
Actuary	45,000	9,176	16,168	28,832	64.1%	
Actuary and Accounting Subtotal:	\$ 90,000	\$ 9,176	\$ 56,915	\$ 33,085	36.8%	
Legal Services						
City Attorney Salaries	\$ 178,000	\$ 12,306	\$ 93,688	\$ 84,312	47.4%	
Legal Contingency	150,000	-	61,269	88,731	59.2%	
Legal Services Subtotal:	\$ 328,000	\$ 12,306	\$ 154,957	\$ 173,043	52.8%	
Investment Services						
Money Manager Fees	\$ 1,310,857	\$ 139,077	\$ 582,568	\$ 728,289	55.6%	
Custodial Fee	124,000	-	58,250	65,750	53.0%	
Investment Consultant (PCA)	100,000	-	50,000	50,000	50.0%	
Investment Subtotal:	\$ 1,534,857	\$ 139,077	\$ 690,818	\$ 844,039	55.0%	
Total Operating Budget	\$ 3,275,600	\$ 226,170	\$ 1,537,206	\$ 1,738,394	53.07%	

Table 2

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Cash in Treasury (Fund 7100) - Preliminary

As of February 28, 2018

	Feb 2018
Beginning Cash as of 01/31/2018	\$ 8,091,566
Additions:	
City Pension Contribution - February	\$ 3,738,333
Investment Draw (Incoming Wire) - 2/1/2018	1,000,000
Misc. Receipts	-
Total Additions:	\$ 4,738,333
Deductions:	
Pension Payment (January Pension Paid on 2/1/2018)	(4,624,750)
Expenditures Paid	(209,230)
Total Deductions	\$ (4,833,980)
 Ending Cash Balance as of 02/28/2018*	 \$ 7,995,918

* On 03/01/2018, a pension payment of appx \$4,665,000 will be made leaving a cash balance of \$3,331,000

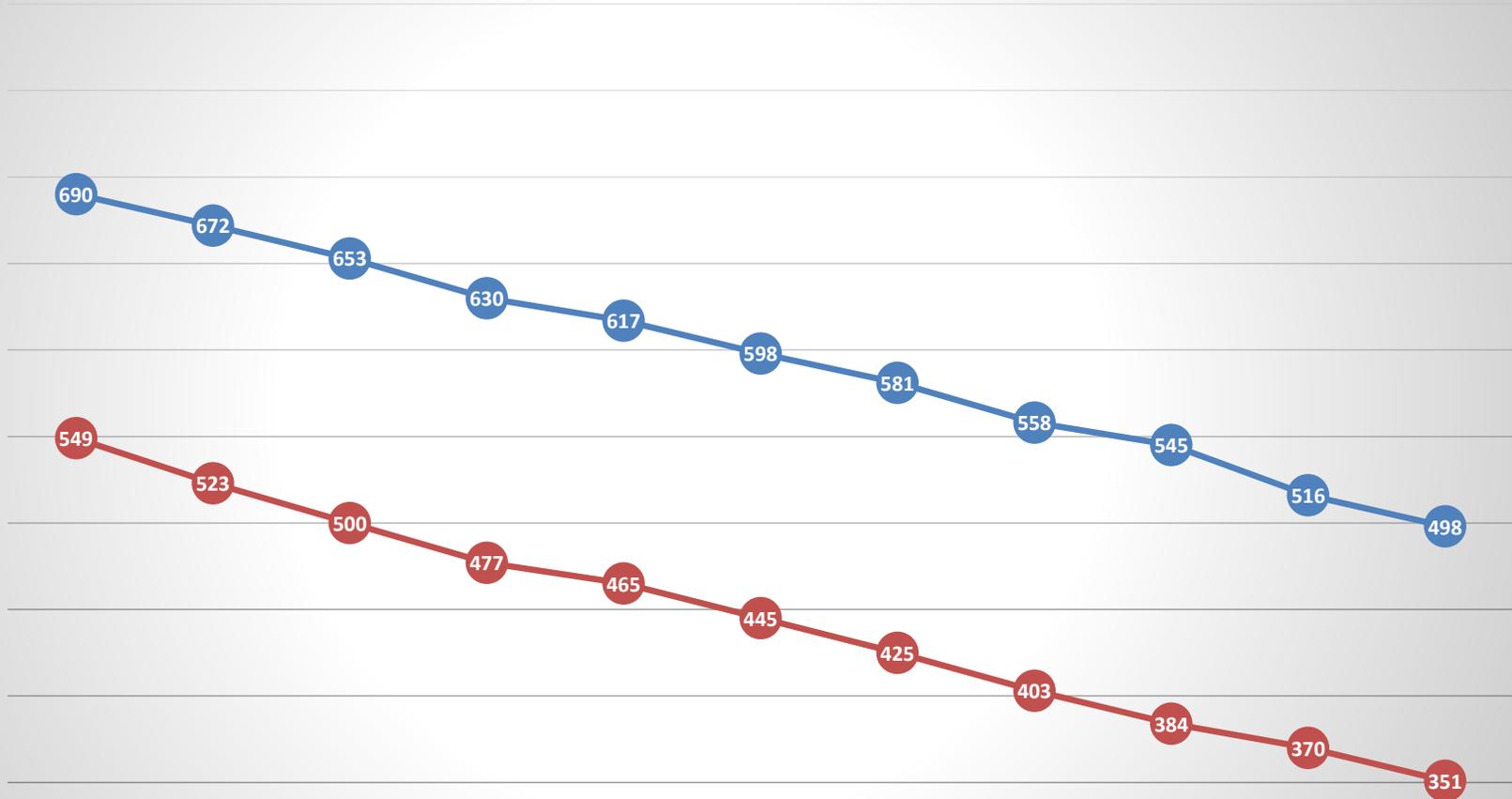
Table 3
CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Census
As of February 28, 2018

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Retiree	368	226	594
Beneficiary	130	125	255
<i>Total Retired Members</i>	498	351	849
<i>Total Membership:</i>	498	351	849

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Service Retirement	332	187	519
Disability Retirement	152	150	302
Death Allowance	14	14	28
<i>Total Retired Members:</i>	498	351	849
<i>Total Membership as of February 28, 2018:</i>	498	351	849
<i>Total Membership as of June 30, 2017:</i>	516	370	886
<i>Annual Difference:</i>	-18	-19	-37

Oakland Police and Fire Retirement System Pension Plan Membership Count As of February 28, 2018 (FY 2008 - FY 2018)



	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018 FYTD
● Police	690	672	653	630	617	598	581	558	545	516	498
● Fire	549	523	500	477	465	445	425	403	384	370	351
● Total	1239	1195	1153	1107	1082	1043	1006	961	929	886	849



AGENDA REPORT

TO: Oakland Police and Fire Retirement System Board **FROM:** Katano Kasaine

SUBJECT: Proposed 2-year PFRS Administrative Staff Budget for FY 2017/2018 and FY 2018/2019 **DATE:** April 16, 2018

SUMMARY

Staff has analyzed the Oakland Police and Fire Retirement System's ("PFRS") previously approved two-year budgets for FY 2017-2018 and FY 2018-2019. As a result, staff is recommending some adjustments to the budgeted line items. Staff recommends that the Board approve the budget reallocations for FY 2017-2018 and FY 2018-2019 as attached in **Table 1**. The proposed budget changes are cost neutral and will not change the overall approved annual budgets.

BACKGROUND

At their March 29, 2017 Board meeting, the Oakland Police and Fire Retirement System Board ("PFRS Board") approved a 2-year PFRS Administrative Budget for FY 2017/2018 and FY 2018/2019. The Board approved an overall annual budget of \$3,275,600 in FY 2017/2018 and \$3,322,600 in FY 2018/2019.

At the January 31, 2018 meeting, the PFRS Board approved an adjusted budget for FY 2017/2018. The Board approved a revised annual budget that was adjusted to fund the Retirement office buildout.

PROPOSED CHANGES

Staff recommends proposed changes to the FY 2017-2018 and FY 2018-2019 budgets as shown in **Table 1**. The proposed changes reallocates budgeted funds to accurately reflect expected costs within the specified line items. The proposed changes do not result to a change to the overall budget. The total approved annual budget is approximately 0.87% of the Plan's existing investment portfolio.

Agenda Item **B2**
PFRS Board Meeting
April 25, 2018

KEY CHANGES:

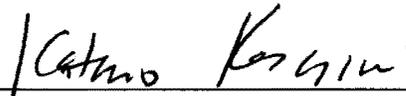
The Internal Administrative Budget is proposed to increase by \$80,500 in FY 2017-2018 and \$93,100 FY 2018-2019. These costs increases are proposed to be offset by savings in money manager fees.

The proposed increase includes \$17,500 additional Miscellaneous budget related to PFRS medical evaluation costs for the determination of the Retirees' disability application. If a Member or Widow expresses to file for a change in retirement status, a physician is required to review the related medical reports and condition. In special complicated cases, additional specific medical expertise is required. PFRS requires additional costs of \$17,500 to pay for the required medical expert professional fees related to the evaluation of the currently filed disability applications.

City of Oakland recently began requiring all City funds to budget and fund Internal Service Fee (ISF) costs. These costs are associated with city-wide services such as special setup, facilities general support, city accounting services, city purchasing services, and IT support. PFRS budgeted share of ISFs are \$63,000 in FY 2017-2018 and \$65,400 in FY 2018-2019. These costs are new and were not previously budgeted.

Additional minor changes to the City Attorney compensation were made to reflect the recently approved Cost of Living Adjustment.

Respectfully submitted,



Katano Kasaine, Plan Administrator
Oakland Police and Fire Retirement System

Attachments (1):

- **Table 1: Oakland Police and Fire Retirement System – Two-year Proposed Administrative Budgets**

Table 1

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
Proposed Mid-Cycle Administrative Budget Changes

FY 2017-2018 and FY 2018-2019

	Approved Baseline Budgets		Proposed Changes		Budget Change		Budget Change	
	FY 2017-2018	FY 2018-2019	FY 2017-2018	FY 2018-2019	FY 2017-2018	FY 2018-2019	FY 2017-2018	FY 2018-2019
Internal Administrative Costs								
PFRS Staff Salaries	\$ 1,052,800	\$ 1,084,000	\$ 1,052,800	\$ 1,084,000	\$ -	\$ -	\$ -	\$ -
Board Travel Expenditures	52,500	52,500	52,500	52,500	-	-	-	-
Staff Training	10,000	10,000	10,000	20,000	-	10,000	-	10,000
Staff Training - Tuition Reimb	7,500	7,500	7,500	7,500	-	-	-	-
Annual Report	4,000	4,000	4,000	4,000	-	-	-	-
Board Hospitality	2,600	2,600	2,600	3,600	-	1,000	-	1,000
Payroll Processing Fees	35,000	35,000	35,000	35,000	-	-	-	-
Miscellaneous Expenditures	30,000	30,000	47,500	46,700	17,500	16,700	-	-
Internal Service Fees (ISF)	-	-	63,000	65,400	63,000	65,400	-	-
Contract Services Contingency	1,200	50,000	1,200	50,000	-	-	-	-
Office Construction Costs	127,143		127,143	-	-	-	-	-
Internal Administrative Subtotal :	\$ 1,322,743	\$ 1,275,600	\$ 1,403,243	\$ 1,368,700	\$ 80,500	\$ 93,100		
Actuary and Accounting Services								
Audit	\$ 45,000	\$ 45,000	\$ 45,000	\$ 45,000	\$ -	\$ -	\$ -	\$ -
Actuary	45,000	45,000	45,000	45,000	-	-	-	-
Actuary and Accounting Subtotal:	\$ 90,000	\$ 90,000	\$ 90,000	\$ 90,000	\$ -	\$ -		
Legal Services								
City Attorney Salaries	\$ 178,000	\$ 178,000	\$ 184,000	\$ 188,000	\$ 6,000	\$ 10,000	\$ -	\$ -
Legal Contingency	150,000	150,000	150,000	150,000	-	-	-	-
Legal Services Subtotal:	\$ 328,000	\$ 328,000	\$ 334,000	\$ 338,000	\$ 6,000	\$ 10,000		
Investment Services								
Money Manager Fees	\$ 1,310,857	\$ 1,405,000	\$ 1,224,357	\$ 1,301,900	\$ (86,500)	\$ (103,100)	\$ -	\$ -
Custodial Fee: Northern Trust	124,000	124,000	124,000	124,000	-	-	-	-
Investment Consultant (PCA)	100,000	100,000	100,000	100,000	-	-	-	-
Investment Services Subtotal:	\$ 1,534,857	\$ 1,629,000	\$ 1,448,357	\$ 1,525,900	\$ (86,500)	\$ (103,100)		
Total Operating Budget	\$ 3,275,600	\$ 3,322,600	\$ 3,275,600	\$ 3,322,600	\$ -	\$ -		



AGENDA REPORT

TO: Oakland Police and Fire
Retirement Board

FROM: Katano Kasaine

SUBJECT: City of Oakland Insurance for the PFRS
Board Members

DATE: April 16, 2018

BACKGROUND

The Audit Committee directed staff to research City of Oakland (City) insurance covering PFRS Board members related to travel on Board business. PFRS Staff reached out to the City's Risk Division regarding all insurance coverage provided by the City for Board members.

EXECUTIVE SUMMARY

The PFRS Board members are currently covered under the City's Participant Accident Insurance. This policy covers (1) Accidental Death & Dismemberment Benefits and (2) Accident Medical Expense Benefits. The policy was recently amended (effective 12/19/2017) to include City Board Members. This policy is the only coverage the City provides for Board members.

The City's Participant Accident Insurance policy covers Board members for out-of-pocket medical expenses related to injuries or accidents while performing services for the City of Oakland. The policy has a maximum benefit of \$1,000,000 per incident. However, the maximum amount paid to any individual is \$25,000 per incident. In the case of an injury/accident while on travel, the member must seek medical treatment and request reimbursement. The insurance company will determine what is reimbursable and act accordingly. The City cannot direct the company on how to reimburse.

Respectfully submitted,

Katano Kasaine, Plan Administrator
Oakland Police and Fire Retirement System

Attachment(if any):

1.

Agenda Item B3
PFRS Board Meeting
April 25, 2018



AGENDA REPORT

TO: Oakland Police and Fire
Retirement Board

FROM: Katano Kasaine

SUBJECT: Rules and Regulations Review

DATE: April 16, 2018

EXECUTIVE SUMMARY

As directed by the Audit Committee at their September 27, 2017 meeting, the PFRS staff presents the attached draft changes approved by consensus of the Audit Committee to date. The committee has completed its review of the PFRS Rules and Regulations and continues to discuss and edit the PFRS Rules and Regulations.

BACKGROUND

The Audit Committee has been reviewing and editing the PFRS Rules and Regulations during their Audit Committee meetings since May 31, 2017. Staff was directed to bring the updated draft of the Rules and Regulations back to each meeting for continued discussion (**Attachment 1**). Also, staff was directed to bring information regarding hearing procedures back to the committee at their April 2018 meeting (**Attachment 2**).

Respectfully submitted,

Katano Kasaine, Plan Administrator
Oakland Police and Fire Retirement System

Attachment(2):

1. *Draft PFRS Rules and Regulations approved through March 28, 2018.*
2. *Resolution No. 6880 – Resolution adopting procedures for hearing to be conducted pursuant to Resolution No. 6866.*

Agenda Item B4
PFRS Board Meeting
April 25, 2018

ATTACHMENT 1

Article 1: IDENTIFICATIONSection 1.1: Name

The Oakland Police and Fire Retirement Systems ("PFRS") Board

Section 1.2: Office Location

Retirement Systems, 150 Frank H. Ogawa Plaza, Suite 3332, Oakland, CA 94612

Section 1.3: Authority, Statutory Requirements

The PFRS Board shall comply with all applicable laws, including but not limited to Article XVI, Section 17 of the California Constitution, Article XXVI of the Oakland City Charter, the Oakland Sunshine Ordinance (Oakland Municipal Code ("OMC") Chapter 2.20, the Ralph M. Brown Act (Government Code section 54950 et seq.), the California Public Records Act (Government Code section 6250 et seq.), and the Oakland Conflict of Interest Code (OMC Chapter 3.16).

Article 2: MISSION STATEMENT

It is the mission of the Board of the Oakland Police and Fire Retirement System to manage and administer the Oakland Police and Fire Retirement System and Fund. In order to fulfill this mission, the PFRS Board shall:

1. Possess power to make all necessary rules and regulations for its guidance;
2. Have exclusive control of the administration and investment of the fund established for the maintenance and operation of the System;
3. Administer the System in accordance with the provisions of Article XXVI of the Oakland City Charter;
4. Exercise its plenary authority and fiduciary responsibility for investment of the Plan's funds in accordance with Article XVI, Section 17 of the California Constitution.

Article 3: BOARD OF TRUSTEESSection 3.1: Board Membership

The Board of the Police and Fire Retirement System consists of seven members, appointed or elected as set forth in Oakland City Charter section 2601: the Mayor (or a designated representative), a life insurance executive of a local office, a senior officer of a local bank, a community representative, an elected retired member of the Police Department, an elected retired member of the Fire Department, and an elected retired member position that alternates between the Police Department and Fire Department memberships. ~~A retired police or fire member may be elected by the active and retired membership to serve if no active member is elected to serve on the Board from their respective department.~~

Section 3.2: Procedure to Fill Vacancy of Elected Members

In the event a vacancy occurs before the end of a full term in any of the three (3) elected offices of the Board which are filled by retired members of the Retirement System, a successor shall be elected for the unexpired portion of the term vacated in accordance with Section 11.12.

Section 3.3: Procedure to Fill Vacancy of Appointed Members

In the event a vacancy occurs before the end of a five (5) year term in any of the three (3) appointed offices of the Board, the Mayor's office will be notified of the vacancy by the Retirement office. The new appointee shall be appointed by the Mayor, confirmed by Oakland City Council and sworn-in by the Oakland City Clerk's office. A successor appointed under this Section shall be appointed for the remainder of the vacated term.

Section 3.4: Holdover

In the event of a failure to appoint a successor to the Board seat held by the life insurance representative, bank representative, or community representative after the expiration of a five (5) year term, the Board member most recently filling that seat may continue to serve as a Board member during the following term in a holdover capacity for up to one year.

Section 3.5: Compensation

All Board members shall serve without compensation.

Article 4: BOARD MEMBER RESPONSIBILITIES AND CORE COMPETENCIES

Section 4.1: Attendance

All Board members are expected to attend all board and applicable committee meetings. While attendance is not always possible, board members should, once the calendar for a year is set, immediately identify any scheduling conflicts and thereafter manage their schedules to avoid creating additional conflicts. Absences for medical or other substantial reasons shall be deemed to be excused absences in the discretion of the Board President.

Section 4.2: Preparation

Board members should come to Board and committee meetings having already read the materials prepared and circulated by staff and/or consultants, and having already asked any questions of staff necessary for their understanding.

Section 4.3: Integrity

Board members shall conduct themselves with integrity and dignity, maintaining the highest ethical conduct at all times. They should understand system objectives and exercise care, prudence and diligence in handling confidential information.

Section 4.4: Conflict of Interest

No Board member and no employee of the Board shall have any interest, direct or indirect in the making of any investment, or in the gains or profits accruing there from. No member or employee of the Board, directly or indirectly, for himself or herself or as an agent or partner of others, shall borrow any of its funds or deposits or in any manner use the same except to make such current and necessary payments as are authorized by the Board; nor shall any member or employee of the Board become an endorser or surety or become in any manner an obligor for moneys invested by the Board.

Board members, staff and specified consultants are subject to the conflict of interest provisions the Oakland Municipal Code (OMC Chapter 3.16) and California state law, including but not limited to the Political Reform Act (Government Code section 81000 et seq) and Government Code section 1090.

Board members shall timely file annually the Statement of Economic Interests (Fair Political Practices Commission Form 700) as required by the City of Oakland's Conflict of Interest Code.

Section 4.5: Knowledge

Board members should develop and maintain their knowledge and understanding of the issues involved in the management of the system. The specific areas in which board members should develop and maintain a high level of knowledge should include:

- Public pension plan governance.
- Asset allocation and investment management.
- Actuarial principles and funding policies.
- Financial reporting, controls and audits.
- Benefits administration.
- Vendor selection process.
- Open meeting and public records laws.
- Fiduciary responsibility.
- Ethics and conflicts of interest.

Section 4.6: Education

Board members are expected to pursue educational opportunities that will assist them in the fulfillment of their fiduciary duties to the retirement plan and its beneficiaries. Each Board member will be allocated an educational allowance on an annual basis.

Section 4.7: Collegiality

Board members shall make every effort to engage in collegial deliberations, and to maintain an atmosphere in which board or committee members can speak freely, explore ideas before becoming committed to positions and seek information from staff and other members.

Article 5: MEETINGS

Section 5.1: Open Meetings / Quorum

Public notice of all meetings shall be provided as required by the Brown Act and the Sunshine Ordinance. Four members of the Board shall constitute a quorum for the transaction of business. Two Board Members constitute a quorum for the purpose of a Committee meeting. The powers conferred by the Charter upon the Board shall be exercised by order or resolution adopted by the affirmative votes of at least four (4) Board members. The affirmative votes of five (5) members of the Board are required for all investment decisions excluding Board approved drawdowns for benefits payments or administrative expenses.

Section 5.2: Time and Place of Regular Meetings

Section 5.2a: Full Board

The regularly scheduled meetings of the PFRS Board shall take place at Oakland City Hall on the last Wednesday of each month.

Section 5.2b: Standing Committee

The regularly scheduled meetings of the Audit/Operations Committee shall take place at Oakland City Hall on the last Wednesday of each month, at a specified time.

The regularly scheduled meetings of the Investment Committee shall take place at Oakland City Hall on the last Wednesday of each month, at a specified time.

Section 5.3: Special Meetings

The President or a majority of the members of the Board may schedule a Special Meeting of the board at any time, with notice given in accordance with the notice provisions of the Sunshine Ordinance and Brown Act.

Article 6: FISCAL YEAR

The fiscal year of the Board shall commence upon the first day of July each year and terminate on the thirtieth day of June of the following year.

Article 7: OFFICERS

Section 7.1: Elective Officers

At the regular meeting in September of each year, the Board shall elect one of its members to act as President for the ensuing year, and one to act as Vice President. ~~The Board shall also appoint a Secretary who shall hold office at its pleasure.~~

Section 7.2: Terms of President and Vice-President

The President and Vice-President shall take office at the close of the September meeting following their election and shall serve for one year or until their successors have been elected and take office.

Section 7.3: Duties of President and Vice-President

The President of the Board shall preside at all Board meetings. In his or her absence, the Vice-President shall preside. In the absence of both the President and the Vice-President, when the President has not selected a President Pro Tem in advance, the Board shall select one of its own members to preside.

The President shall also:

- Appoint the members of the Board's standing committees annually prior to the October meeting;
- ~~Add or delete items from~~ Manage the Full Board Meeting Agenda and Committee Agendas in accordance with Article 9 of the PFRS Rules and Regulations;
- Ensure that Committee Chairpersons manage committee agendas in accordance with Article 9 of the PFRS Rules and Regulations;
- Schedule a Special Meeting of the Board,

-
- Create ad hoc committees for a limited duration and purpose, which shall be comprised of at least one but less than a quorum of board members, and may include a non-board member(s),
 - Sign authorized contracts, agreements and financial documents on the Board's behalf; and
 - Perform other duties as directed by the Board.

The Vice President shall also:

- Assume and discharge the President's duties when the President is absent or otherwise unable to perform them, or when directed by the President; and
- Perform other duties as directed by the Board.

Section 7.4: Duties of the Secretary of the Board

The Board shall also appoint a Secretary who shall hold office at its pleasure. The Secretary shall have the power to:

- Administer oaths and affirmations
- Issue subpoenas in all matters pertaining to the administration and operation of the System

Section 7.5: Duties of the Plan Administrator

The Plan Administrator is authorized to:

- Approve the withdrawal of funds for the purpose of making benefit payments to retirees and their beneficiaries in the event that the Board is unable to do so in a timely manner and submit to the board for ratification.
- Approve all demands for payment of claims against the administrative appropriation as approved by the Board.

The Plan Administrator shall also:

- Submit a monthly report to the Board that shall summarize plan expenses and membership count of the Retirement System.
- Prepare an annual report for the Board and the City Council.
- Annually submit a budget for approval by the Board and to be submitted to the City Administrator for the bi-annual budget.

Article 8: STANDING COMMITTEES

Section 8.1: Investment Committee

The Investment Committee shall be a Standing Committee of the Board, consisting of three members, whose chairperson shall be the banker representative on the Board. If the banker representative position is vacant, the Board President shall appoint a chairperson. Annually, before the October meeting, the

President of the Board shall appoint the additional members of the committee, who shall serve until their successors have been appointed.

The Investment Committee shall have the responsibility for making recommendations to the Board in the following areas:

- Review the Plan's overall investment objectives, risk tolerance and performance standards and recommend changes to the Board.
- Recommend the hire or termination of investment managers to the PFRS Board.
- Keep the Board apprised of the performance of the Plan's investment portfolio.
- Recommend the asset allocation of the Plan to the Board.
- Recommend to the Board which investments to target for the purpose of making benefit payments under the Plan.
- Review the Investment Policy and recommend changes to the Board.

Section 8.2: Audit/Operations Committee

The Audit/Operations Committee shall be a Standing Committee of the Board, consisting of three members. Annually, before the October meeting, the President of the Board shall appoint the members of the committee, who shall serve until their successors have been appointed. The President shall appoint a Committee chairperson from one of the three Committee members.

The Audit/Operations Committee shall have the responsibility for making recommendations to the Board in the following areas:

- Review the Plan's administrative procedures for the purpose of ensuring prompt delivery of benefits and related services to participants and their beneficiaries and recommend necessary changes to the full Board.
- Review and recommend solutions to specific issues raised by the Board that relate to administration of the PFRS Plan.
- Review the actuarial valuation report and the annual financial audit report of the Plan and recommend approval by the Board, unless the Board President determines that a report should be reviewed in the first instance by the full Board.
- Review the annual budget and recommend approval by the Board.
- Monitor the Plan's administrative budget and assist the Board in defraying reasonable expenses.
- Develop and recommend changes to Board rules, regulations and policies in non-investment areas.
- Review PFRS Rules and Regulations every three years.
- Periodically rReview PFRS Travel Policy as needed but no less than three years from the previous approval date.

- ~~Approve/Recommend approval of~~ board member ~~Travel and staff travel in accordance with the PFRS Travel Policy.~~
- Other duties and/ or issues as directed by the Board.

Article 9: MEETING PROCEDURES AND BOARD ACTION

Section 9.1: Board and Committee Time Management

The Board President or Committee Chair ~~person~~ is responsible for time management of the applicable body. To the greatest extent feasible, all items on Board and Committee agendas shall be supported by concise, easily accessible written information.

Section 9.2: Speakers' Cards

Members of the public wishing to speak must submit their name and the item on the agenda they wish to discuss, if any, to staff before being recognized by the presiding officer.

Members of the public who wish to speak must complete a speaker card for each agenda item ~~he/shes/he~~ wishes to speak on. Multiple agenda items cannot be listed on one speaker card.

Section 9.3: Public Speaker Procedures

Members of the public addressing the Board shall state their name. They shall confine their remarks to the agenda item under discussion, unless they are speaking during the Open Forum portion of the agenda.

Section 9.4: Time Limits for Public Speakers

Any member of the public who has submitted a speaker card on an agenda item, other than open forum, shall be allotted three (3) minutes to speak prior to any vote or action by the Board.

Subject to the provisions of this Rule that apply to ~~public~~-speakers who submit multiple speaker's cards, all ~~public~~-speakers on any one item shall be allotted the same amount of speaking time on that item, unless given ceded time, or unless more time must be given to comply with due process or other legal requirements or in circumstances where the Board is acting in a quasi-adjudicatory capacity.

Section 9.5: Speakers Submitting Speaker's Cards on Multiple Items

Subject to Section 9.4 and the discretion of the presiding officer, which discretion must be exercised in accordance with Section 9.4, a speaker who submits his or her name to speak on four or more items (other than open forum) will be instructed to address all items concurrently and shall be allotted 2 minutes per item up to a maximum of 10 minutes; if the presiding officer exercises his/her discretion under Section 9.4 to reduce each speaker's time to one (1) minute, speakers who submit four or more speaker's cards shall be allotted one (1) minute per item up to a maximum of 5 minutes.

Section 9.6: Ceding Time

In case the allotted time for each ~~public~~-speaker is less than two (2) minutes on an agendized item, a ~~public~~ speaker may extend his or her speaking time if other ~~public~~-speakers who have submitted their names to speak agree to cede their time to the recipient ~~public~~-speaker. The recipient ~~public~~-speaker will receive one (1) minute speaking time from each ceding ~~public~~-speaker, up to a maximum of five (5) minutes. At the presiding officer's discretion, a ~~public~~-speaker may be allotted more than five (5) minutes based on ceded

time. The recipient ~~public~~-speaker must submit the ceding ~~public~~-speakers' speaking cards, and the ceding ~~public~~-speakers must be present at the time the recipient ~~public~~-speaker speaks.

Section 9.7: Open Forum

~~Public~~-speakers submitting their names to speak under open forum shall be allotted a maximum of three (3) minutes. A ~~public~~-speaker may speak only once under open forum during any one meeting, subject to the discretion of the presiding officer. The presiding officer may reduce each ~~public~~-speaker's allotted time to one (1) minute if he or she publicly states all reasons justifying any reduction in speaker time, which reasons shall be based at least on consideration of the time allocated or anticipated for the meeting, the number and complexity of agenda items and the number of persons wishing to address the local body, and whether there will be sufficient time available during the meeting to consider all agenda items if all ~~public~~ speakers are allowed two (2) minutes to speak.

The Board cannot take any action under Open Forum unless it is deemed an emergency or urgency matter under the Sunshine Ordinance and Brown Act by a vote of the Board.

Section 9.8: Procedure for Placing New Items on an Agenda

For any new business by any board member, the full Board is authorized to add the item to future agendas of any meeting by an affirmative vote of a majority of the quorum of Board members present.

Section 9.9: Procedure to Add, Remove Agenda Items

For Board items, any Board member wishing to add (or remove) a Board agenda item after the Board has met, but before the agenda is published, must obtain authorization from the President of the Board.

For Committee items, any Board member wishing to add (or remove) a Committee agenda item after the Committee has met, but before the agenda is published, must obtain authorization from the President of the Board and the Chair of the Committee.

Section 9.10: Timeline for Submission of Agenda Materials

~~Items which are placed onto a Board or Committee agenda pursuant to the processes described in Sections 9.8, 9.9 and 9.10 above, normally will be supported by written materials submitted to the Plan Administrator by close of business on the Wednesday that is two (2) weeks prior to the scheduled Board/Committee meeting. If such materials are received following this deadline, the item will not be placed onto the appropriate agenda until the following month.~~

Section 9.~~4~~11: Minutes

The Secretary shall cause to be recorded in the minutes, the time and place of each meeting of the Board, the names of Board members present and all official acts of the Board along with a summation of the Board discussion along with the votes, and shall cause the minutes to be written and presented for approval no later than the ~~second succeeding~~next scheduled regular meeting.

~~Draft minutes shall be prepared and forwarded to Board members for review by the 15th business day following each meeting. The minutes or a true copy thereof, submitted and signed by the Secretary after approval by the Board shall form part of the permanent records of the Board.~~

Section 9.~~4~~12: Other Requests

Other requests by the plan sponsor, other entities or the public will be directed to the Plan Administrator, who will review and respond administratively. To the extent the request need to be addressed to or by the Board, the request will be brought to the full board for further direction or authorization.

Section 9.~~42~~13: Requests by the Board

Any research, analyses and reports from staff as are necessary for the Board's effective oversight of PFRS operations shall be initiated by placing that item on a future agenda in accordance with section 9.8. Such requests will be agendized and considered at regularly scheduled Board meetings. If approved, the Plan Administrator will be responsible for coordinating the completion of the approved project or report within a reasonable time or by the completion date specified in the Board action.

Section 9.~~43~~14: Requests by Individual Board Members

Board members making individual requests for information will be advised to place the item on the Board meeting agenda in accordance with section 9.8 unless the information is readily available and the Plan Administrator determines that a response will not require any significant commitment of staff time or other PFRS resources.

Section 9.~~44~~15: Resolutions

The Board shall act either by order or by resolutions, numbered in sequence of passage. In every instance, authorization by Board resolution shall be required for the following:

- ~~Retirement of active members of the Police and Fire Retirement System;~~
- Setting of Retirement and Disability Allowances;
- Changes to the types of compensation to be included as "Compensation" and "Compensation Attached to the Average Rank Held";
- ~~Reinstatement of members from the Disability Allowance Roll to active status;~~
- Approval of Death Benefits;
- Approval of continuation of allowances to eligible surviving spouse.
- Authorization of Contracts.
- ~~_____~~

The Board may, in its discretion, act by resolution in other matters not listed above. Actions taken by the Board by way of order shall be set forth in the minutes of the Board.

Section 9.~~45~~16: Ayes and Noes

The Board shall pass resolutions or orders only by taking the ayes and noes by an audible vote, which shall be entered in its minute book. Each resolution shall show on its face the ayes and noes vote thereon and the members so voting.

Section 9.~~46~~17: Subject and Title

Every resolution of the Board shall be confined to one subject, which shall be clearly expressed in its title.

Article 10: RULES OF ORDER

Roberts' Rules of Order shall be the final authority on all questions of procedure and parliamentary law, not otherwise provided for by the City Charter, (Article XXVI) or these rules. The deputy City Attorney in attendance will serve as the Parliamentarian for the PFRS Board and its Committees.

Article 11: ELECTION OF MEMBERS OF THE BOARD REPRESENTING ~~ACTIVE AND~~ RETIRED MEMBERS OF THE RETIREMENT SYSTEM

Section 11.1: Day for Counting of Ballots

The fourth Wednesday in August of the year in which such election is required to be held is hereby designated as the day for counting of ballots.

In the event of a vacancy of one or more of the elected PFRS Retirement Board seats before the completion of the full term, the day for counting ballots for the election to fill the vacant PFRS Retirement Board seat shall be the fourth Wednesday of the month that follows 90 days after the date of being informed of the vacancy.

Section 11.2: Notice of Nomination

On or before the first business day in June of each year in which an election is required, the office of the Police and Fire Retirement Board shall send a notice stating that nomination papers may be obtained at the office of said Police and Fire Retirement Board, the place where nomination papers shall be filed and the final date of filing thereof, the date when ballots will be counted and such other information as may be appropriate to the following organizations:

- Retired Oakland Police Officers' Association (ROPOA)
- International Association of Fire Fighters, Local 55 (IAFF Local 55)

In the event of a vacancy of one of the elected PFRS Retirement Board seats before the completion of the full term, the office of the Police and Fire Retirement Board shall send notice as stated above no later than ten (10) calendar days after the date of being informed of the vacancy.

Section 11.3: Nomination for Membership

Nomination for membership on the Police and Fire Retirement Board ~~form from~~ the ~~active-retired~~ membership of the Police and Fire Department shall be in writing on forms supplied by the office of said Police and Fire Retirement Board upon request ~~therefore~~. Nomination papers shall be substantially in the form shown in Appendix A. Nomination papers shall be signed by at least ten retired members of the Police or Fire Department, as the case may be, who are members of the POLICE AND FIRE RETIREMENT SYSTEM, other than the person nominated. Each signator of a nominating paper shall write the date of his/her signature at the end of the line opposite his/her signature. Beneficiaries of deceased members are not eligible to vote in elections.

Section 11.4: Date of Filing Nomination Papers

Nominating papers shall be filed in the Office of the Oakland City Clerk, Room 306 of the Oakland City Hall, not less than thirty-five days before the day of counting ballots. If said date falls on a non-business day for the City of Oakland, it shall be filed on the next business day.

Section 11.5: Determination of Sufficiency of Nominating Papers

The City Clerk of the City of Oakland will determine when a member is nominated and for this purpose shall have access to the records of the Police and Fire Retirement Board the names of those ~~active or~~ retired members of the respective departments determined by him to have been nominated.

Section 11.6: Winner by Default

In the event that only one person is nominated in accordance with this Article 11 as a member of the Board, that person shall be declared a winner.

Section 11.7: Mailing of Ballots

Not less than fifteen days before the day for the counting of the ballots that shall be prepared by and mailed for the office of the Police and Fire Retirement Board to each ~~active or~~ retired member of the Police Department of Fire Department who is a member of the Police and Fire Retirement System a ballot addressed to his or her address as shown by the records of the Police and Fire Retirement Board. The Ballots shall contain the names in alphabetical order of the candidates certified by the City Clerk as nominated. Such ballot, sealed in a blank envelope provided for this purpose, which shall be enclosed in another envelope, also provided for such purpose, upon which the voter shall place his or her name, may be returned to the City Clerk not later than 10:00 a.m. of the day for the counting of ballots.

Section 11.8: Roster of Eligible Voters

There shall be prepared in the office of the Police and Fire Retirement Board a roster of eligible voters which shall contain the names of the ~~active or~~ retired members of the Police or Fire Department who are members of the Police and Fire Retirement System, excluding beneficiaries of deceased members. Such roster of eligible voters shall be delivered to the City Clerk not less than fifteen days before the day for the counting of ballots and shall be in such form as to permit appropriate asking thereon by the City Clerk to indicate that an eligible member has voted.

Section 11.9: Counting of Ballots

On the day for the counting of ballots at the hour of 10:00 A.M. thereof, the ballot box shall be opened and no ballot received after said hour shall be counted. The ballots will be counted under the supervision and control of the City Clerk in such manner that the identity of the individual casting any ballot will not be disclosed. No ballot shall be counted unless it is enclosed in an envelope bearing the name of the voter. No ballot shall be counted which contains a vote for a person not nominated in accordance with Article 12. Upon the conclusion of the counting of the ballots, the City Clerk will certify the count and the candidate elected, and notify each candidate thereof by mail.

Section 11.10: Vote Necessary for Election

The candidate receiving the highest number of eligible votes shall be declared elected.

Section 11.11: Disposition of Ballots after Counting

Upon conclusion of the counting of the ballots they shall be kept by the City Clerk in the manner and for the period the ballots of municipal elections are kept.

Section 11.12: Procedure to Fill Vacancy of Elected Members

In the event a vacancy occurs before the end of a full term in any of the three (3) elected offices of the Board which are filled by retired members of the Retirement System, a successor shall be elected for the unexpired portion of the term vacated. The successor shall be elected from the same department of the member who is vacating the seat for the remainder of said unexpired three (3) year, or five (5) year, term. The election shall be governed by Article 11.

Article 12: **RECALL OF MEMBER OF THE BOARD REPRESENTING ~~ACTIVE AND~~ RETIRED MEMBERS OF THE RETIREMENT SYSTEM**

Section 12.1: Day for Counting Recall Ballots

The Ballots shall be counted not less than 90 days from receiving Recall Petition.

Section 12.2: Notice of Recall Petition

Upon receiving a Notice of Recall, the office of the Police and Fire Retirement Board shall send to the Retired Oakland Police Officers' Association (ROPOA), International Association of Fire Fighters, Local 55 (IAFF Local 55) and the City Clerk a notice stating that a recall petition had been received, the date when ballots will be counted and such other information as may be appropriate.

The Petition for recall of ~~an active or~~ retired member on the Police and Fire Retirement Board shall be in writing on forms supplied by the Secretary of the Board upon request. Recall petitions shall be substantially in the form as shown in Appendix B.

Recall petition shall be signed by 10 ~~active or~~ retired members of the Police or Fire Department (as the case may be). And who are members of the POLICE AND FIRE RETIREMENT SYSTEM, other than the person recalled. Each signator of a recall petition shall write the date of his/her signature at the end of the line opposite his/her signature. Beneficiaries of deceased retired members are not eligible to sign or vote on recall.

Section 12.3: Date of Filing Recall Petition Paper

Petition papers shall be filed in the Office of the Oakland City Clerk, Room 306 of the Oakland City Hall, not more than thirty (30) days after filing the notice of recall petition.

Within seven (7) days after filing of petition the board member sought for recall may file with the City Clerk, a response, in not more than 200 words, to the statement of the proponents. If a response is filed, the City Clerk shall serve a copy by Certified Mail, to one of the proponents named in the petition.

Copies of the Petition and Response shall be distributed and posted within the offices of ROPOA, IAFF Local 55 and the City Clerk. The statement and answers shall be for voter's information and will be mailed to them upon the request.

Section 12.4: Determination of Recall Petition

The City Clerk of the City of Oakland will determine when a member is recalled and for this purpose shall have access to the records of the Police and Fire Retirement Board. The City Clerk, within five (5) days after the last day for filing Recall Petition papers will certify to the office of the Police and Retirement Board the names of those ~~active or~~ retired members of the respective departments determined by him to have been recalled.

Section 12.5: Mailing of Ballots

Not less than fifteen (15) days before the day the counting of the ballots shall be prepared by and mailed from the office of the Police and Fire Retirement Board to each retired member of the Police or Fire Department and who is a member of the Police and Fire Retirement System a ballot addressed to his or her address as shown by the records of the Police and Fire Retirement Board. The ballots shall contain the name of the member to be recalled, as certified by the City Clerk. Such ballot, sealed in a blank envelope provided for this purpose, which shall be enclosed in another envelope, also provided for such purpose, upon which the voter shall place his/her name, may be returned to the City Clerk not later than 10:00 A.M. of the day for counting of ballots.

Section 12.6: Roster of Eligible Voters

The Roster of Eligible Voters described in Section 11.8 shall be delivered to the City Clerk not less than fifteen (15) days before the day for counting of the ballots and shall be in such form as to permit appropriate marking thereon by the City Clerk to indicate that an eligible member has voted on the recall.

Section 12.7: Counting of Ballots

On the day for counting of ballots at the hour of 10:00 A.M. thereof the ballot box shall be opened and no ballots received after said hour shall be counted. Upon the conclusion of the counting of the ballots, the City Clerk will certify the count and notify the Retirement Board of the results.

Section 12.8: Vote Necessary for Recall

The majority of eligible votes counted and cast to recall or not recall the board member shall prevail.

Section 12.9: Disposition of Ballots after Counting

Upon conclusion of the counting of the ballots, they shall be kept by the City Clerk in the manner and for the period, the ballots of municipal recalls are kept.

Article 13: PROCEDURE TO FILL VACANCY OF RECALLED MEMBER

A vacancy created after a successful recall pursuant to Article 12 shall be filled by the procedure set forth in Article 11.12.

These rules may be amended by a majority vote of the Board at any regular meeting or special meeting called for that purpose.

Article 14: AMENDMENT OF RULES AND REGULATIONS

These Rules and Regulations may be amended under the following procedures:

- Amendments shall be read at a regular meeting.
 - No vote may be taken earlier than the next regular meeting.
 - At least four (4) members of the Board must vote in favor of the amendments.
-

DRAFT

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
RULES AND REGULATIONS**

DRAFT

The Rules and Regulations of the Oakland Police and Fire Retirement System have been approved by vote

of the Board of Administration, effective SEPTEMBER 24, 2014.

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

**KATANO KASAINÉ
SECRETARY
OAKLAND POLICE & FIRE RETIREMENT
SYSTEM BOARD**

APPENDIX A

Nomination Form – Elected PFRS Member

OAKLAND POLICE AND FIRE RETIREMENT BOARD

I, undersigned, am a retired member of the Oakland Police Department (or Fire Department as the case may be), and a member of the POLICE AND FIRE RETIREMENT SYSTEM, and I hereby nominate _____, PRINT NOMINEE NAME, a member of the POLICE AND FIRE RETIREMENT SYSTEM, as a candidate for membership on the Police and Fire Retirement Board from the retired membership of the Oakland Police Department (or Fire Department as the case may be), for the term expiring August 31, _____.

	Name	Signature	Date
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____

I accept the nomination and consent to serve if elected.

Signature of Nominee

APPENDIX B

Board Member Recall Form – Elected PFRS Member

OAKLAND POLICE AND FIRE RETIREMENT BOARD

I, undersigned, am ~~an active or~~ retired member of the Oakland Police or Fire Department (as the case may be), and a member of the POLICE AND FIRE RETIREMENT SYSTEM. I hereby request that _____, a member of the POLICE AND FIRE RETIREMENT BOARD as representative for the Police or Fire Department (as the case may be), be recalled by the retired membership of said department, for the unexpired term ending _____, for the following reasons:

	Name	Signature	Date
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____

ATTACHMENT 2

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

RESOLUTION No. 6880

ON MOTION OF MEMBER Wilkinson SECONDED BY MEMBER Speelman

**RESOLUTION ADOPTING PROCEDURES FOR HEARINGS TO BE
CONDUCTED PURSUANT TO RESOLUTION NO. 6866**

WHEREAS, under Oakland City Charter Article XXVI, Section 2601(e), the PFRS Board is empowered to make necessary rules and regulations for the conduct of its responsibilities for the operation of the system; and

WHEREAS, on October 28, 2015, the Board adopted Resolution No 6866 to effectuate the recovery of overpayments previously made to police members, and identified in Resolution Nos. 6819 and 6825. Resolution No. 6866 adopted a repayment method of recovering the overpayments through 48 equal installments to be deducted from monthly benefit payments. In early December 2015, PFRS staff subsequently sent written notice to affected members of the individual impact that said recovery method would have on their monthly benefit; and

WHEREAS, as a result of notices sent to affected members, PFRS staff has received over 200 individual requests for hearings based on a variety of grounds including financial hardship; and

WHEREAS, the Board seeks to adopt procedures for the fair, timely, and orderly conduct of hearings to be held pursuant to said requests; and

WHEREAS, PFRS staff has presented proposed hearing procedures for the Board, which the Board has discussed and considered; and

WHEREAS, The PFRS Board, in light of its powers and responsibilities for administration of the system, it is hereby

RESOLVED, that the Board adopts the hearing procedures attached to this Resolution and marked as **EXHIBIT A**, to be applied to hearings requested and conducted pursuant to requests made as a result of Resolution No. 6866; and be it

FURTHER RESOLVED, that the plan administrator is authorized to make reasonable interpretations of said hearing procedures, without return to the Board, to carry out the intent of the hearing procedures in a manner that is consistent with the Oakland City Charter.

IN BOARD MEETING, CITY HALL, OAKLAND, CA JANUARY 27, 2016

PASSED BY THE FOLLOWING VOTE:

AYES: GODFREY, SPEAKMAN, COOPER, OZNOWIGZ, WILKINSON, DANIEL
PRESIDENT JOHNSON

NOES: Cooper, Oznowicz

ABSTAIN:

ABSENT: Godfrey

ATTEST: 
PRESIDENT

ATTEST: 
SECRETARY

EXHIBIT A

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
PROCEDURES FOR HEARING REQUESTS
PURSUANT TO RESOLUTION NO. 6866

EXHIBIT A

I) INTRODUCTION

On October 28, 2015, the Oakland Police and Fire Retirement Board ("PFRS Board") passed Resolution No. 6866 which set a repayment method and timing for the collection of certain Holiday Pay and Shift Pay overpayments to be recovered from impacted members/beneficiaries over 48 months.

Per Section 2603 of the Charter of the City of Oakland Charter, "The Board may and in disputed matters shall hold public hearings in all proceedings pertaining to retirement and to the granting of retirement allowances, pensions, and death benefits" Per section 2601(e), the Board has the power to adopt rules and regulations for the administration of the system. The term "Party," as used in these procedures, shall refer to an individual affected member, beneficiary, dependent, or survivor, or his/her appointed representative, who has requested a hearing before the Board under Resolution No. 6866.

II) HEARINGS – FINANCIAL HARDSHIP

Staff will review the applications and materials submitted and develop a summary and recommendation for disposition.

The recommendation will be shared with the Party, who will be asked to indicate whether he/she agrees with the recommendation.

A summary and recommendation report will be published in advance of the hearing and presented to the Board for disposition (accept, deny, modify, send back for further analysis or investigation). It will state whether the Party agrees/disagrees/ no comment on the recommendation.

The Board will conduct the hearing based on the facts presented in the summary, and any additional evidence presented that the Board wishes to accept.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
PROCEDURES FOR HEARING REQUESTS
PURSUANT TO RESOLUTION NO. 6866

EXHIBIT A

III) OTHER HEARINGS

All other hearings will be noticed and affected Party will be granted hearings pursuant to Section 2603 of the Charter of the City of Oakland.

IV) BEFORE HEARING

A request for a hearing before the PFRS board as related to the passage of Resolution No. 6866 will require adherence to the following steps:

1. Submission of "Request for Hearing Form", signed and dated by requesting Party.
2. Submission of a written explanation as to reason for Party's request for hearing.
3. If the case of a financial hardship, submission of a completed and signed Financial Hardship Declaration Form with relevant support material and documentation.

All required submissions stated above should be delivered to the Staff by the stated deadline of January 8, 2016 as provided in written notices sent to members. Staff will timestamp receipt of submitted material and provide proof of receipt when requested.

All hearing requests will be reviewed by the Plan Administrator or her designated staff members. Staff may seek additional information from the Party to clarify information or arguments previously raised in the hearing request. Hearing requests will be handled on a rolling basis. Staff will review the grounds asserted in each application for a hearing, and communicate its recommended disposition to each Party. At the hearing, the Board will be informed if the Party agrees or disagrees with staff's recommendation.

Pursuant to Charter Section 2603, Staff will notify each requesting Party of the hearing date, time and place, no less than five (5) days prior to the date of the hearing, along with proof of service.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
PROCEDURES FOR HEARING REQUESTS
PURSUANT TO RESOLUTION NO. 6866

EXHIBIT A

V) DURING HEARING

The Party affected is entitled to appear personally (or through an appointed representative) at said hearing and to have counsel.

“Appointed Representative” - If a Party is unable or unwilling to appear at the hearing, a signed affidavit authorizing a representative to appear in his or her place shall be submitted to the Staff of the PFRS Board prior to hearing.

Each Party will be allotted ten (10) minutes for presentation of their hearing request, including presentation of any evidence and witnesses, if provided. The time allocation is subject to adjustment by the presiding board member in attendance.

If documentation is to be distributed to the PFRS board during any open meeting session by the Party, twenty (20) copies must be provided by the Party for distribution at the open meeting session .

The Plan Administrator will provide a report to the Board identifying the Party and the request for hearing. It may include a summary of the facts and allegations, and a recommended disposition.

Hearings will be conducted in Open Session (unless an exception applies) and any Board action and/or determinations will be taken by an affirmative vote of Board members present.

VI) AFTER HEARING

The Party will be notified in writing, by the Plan Administrator, no more than 30 days after any Board actions taken during the meeting and said effective date.



AGENDA REPORT

TO: Oakland Police and Fire
Retirement Board

FROM: Katano Kasaine

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

DATE: April 16, 2018

SUMMARY

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

BACKGROUND

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

RECOMMENDATION

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

Respectfully submitted,

Katano Kasaine, Plan Administrator
Oakland Police and Fire Retirement System

Attachments (1):

1. DRAFT Policy Governing the Overpayment and Underpayment of Member Retirement Allowances

Agenda Item B5
PFRS Board Meeting
April 25, 2018

ATTACHMENT 1

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

I. PURPOSE

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

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

II. INTRODUCTION

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

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

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

III. POLICY

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

Overpayment of Retirement Allowance to PFRS' Members and Beneficiaries

1. PFRS Staff will correct the Member's recurring monthly overpayment to the correct amount going forward at the earliest practical time after discovering any overpayments.
2. PFRS will take all reasonable steps to recover the full amount of all overpayments subject to the provisions of the Policy and applicable law.
3. PFRS will recover overpayments by (a) a lump sum payment from the Member, (b) periodic installment payments from the Member, or (c) offsetting the amount to be recovered against monthly benefit payments over a period of time not to exceed three years; unless the PFRS Board, in its discretion and because of legal or practical considerations, determines that another process is warranted.
4. The PFRS Board believes that considerations of cost effectiveness make it prudent and reasonable to pursue recovery of overpayments only where the cumulative total amount overpaid to the Member is \$20 or more. Accordingly, the Retirement Plan Administrator (the "Plan Administrator") is authorized to not seek recovery of any overpayments where the total amount overpaid to the Member is less than \$20.
5. The Plan Administrator shall have authority to negotiate the terms of recovering overpayments through installments, lump sums, or as offsets against monthly benefit payments for amounts below five thousand dollars (\$5,000.00). The PFRS Board must approve installment overpayment recovery agreements when the total amount of overpayment is five thousand dollars (\$5,000.00) or more. Among other things, the likelihood of collection, the cost of collection, the amount of possible recovery and documented financial hardship of the Member or Member's estate will be considered by the Plan Administrator and/or the PFRS Board when agreeing to installment recovery terms. Any forgiveness of debt above One Hundred Dollars (\$100.00) must be approved by the PFRS Board.
6. PFRS may pursue all legal remedies to collect overpayments, including making a claims against an estate or trust.

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

7. Upon the death of the Member before full repayment of an overpayment has been made, PFRS shall pursue a claim or claims against the Member's estate, survivors, heirs and/or beneficiaries to recover the unpaid amounts.
8. If a Member dies while making repayments to PFRS, the entire balance of the amount owed shall become due upon the Member's death and deducted from the final remittance check. Any remaining unpaid balance shall be pursued in accordance with this Policy. Overpayments due shall not be deducted from a Member's \$1,000 death benefit payment unless there is no designated qualified beneficiary. If the deceased Member has a surviving spouse who is entitled to a reduced continuation of the Member's monthly benefit, the Plan Administrator has the authority to collect a reduced monthly amount from the surviving spouse without changing the total amount owed by the deceased Member.
9. Before collecting an overpayment from the monthly retirement allowance of a Member without consent, PFRS will give at least 30-day's notice.
10. The PFRS Board adopts the following procedures for accomplishing the recovery of overpaid benefits:
 - A. **Notification of Overpayment.** Upon discovery of an overpayment, PFRS shall send a **Notice of Overpayment of Member Retirement Allowance** by certified mail, return receipt requested, or by express delivery service, to the Member advising the Member as follows:
 - i. The notice will identify the facts and circumstances of the overpayment and details showing the total amount of the overpayment.
 - ii. The notice will request payment to PFRS of the amount overpaid, subject to the provisions of the Policy.
 - iii. The notice will provide three options of repayment, one of which may be selected by the Member:
 - (1) Option 1 — lump sum payment to PFRS for the full amount overpaid. Lump sum payment must be made within 30 days of the notice.
 - (2) Option 2 — reduction from monthly benefit payments in the amount equal to ten percent (10%) of the total overpayment, until paid back in full.
 - (3) Option 3 — repayment in equal installments over the same length of time that the overpayments occurred or three years, whichever is longer. Unless a financial hardship is approved by the PFRS Board, the installment period shall not exceed 3 years.

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

- iv. The notice and agreement to repay excess benefits will provide that Option 2 (10%) will go into effect by default if the Member fails to choose an alternative option within 30 days following the date of the notice.
- v. The notice shall state that dispute of overpayment must be submitted in writing to the Retirement office within 30 days following the date the notice was sent. This dispute should include supporting documentation, if applicable.

Underpayment of Retirement Allowance to Members and Beneficiaries

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

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

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

IV. Periodic Review

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

The Policy governing the overpayment or underpayment of Member benefits of the Oakland Police and Fire Retirement System is hereby approved by vote of the Retirement Board, effective

<DATE>.

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

KATANO KASAINÉ
SECRETARY
OAKLAND POLICE & FIRE RETIREMENT SYSTEM BOARD



AGENDA REPORT

TO: Oakland Police and Fire
Retirement Board

FROM: Katano Kasaine

SUBJECT: Discussion regarding PFRS July 1,
2026 Actuary Funding Deadline

DATE: April 16, 2018

BACKGROUND

The Charter of the City of Oakland mandated in section 2619(6) that *“The City shall contribute to the Retirement System such amounts as may be necessary, when added to the contributions referred to in the preceding paragraphs of this Section, to provide the benefits payable under this Article and Articles XIV and XV. The City contributions made periodically during the year shall be such as when added to member contributions will actuarial fund all liabilities for all members prior to July 1, 1976, by July 1, 2026”* (see attachment 1).

EXECUTIVE SUMMARY

At their February 28, 2018 meeting, the PFRS Audit Committee requested that staff schedule a discussion item regarding a potential voter ballot measure to change City Charter section 2619(6) which requires that the City contribute to the Police and Fire Retirement System (PFRS) to actuarially fund all liabilities for all PFRS members by July 1, 2026.

At their March 28, 2018 meeting, the PFRS Audit Committee discussed issues related to Charter section 2619(6). The committee directed the Plan Administrator to request the City Administrator work to establish a working group or committee to address the concerns of the Retirement System on this matter. The Committee requested that the Plan Administrator report back to the Audit Committee at its April 2018 meeting and held over discussion of this matter to the April 2018 Audit Committee meeting.

Respectfully submitted,

Katano Kasaine, Plan Administrator
Oakland Police and Fire Retirement System

Attachments (1):

1. *Excerpt from Charter of the City of Oakland, Section 2619.*

Agenda Item B6
PFRS Board Meeting
April 25, 2018

ATTACHMENT 1

Oakland City Charter

Section 2619

Members' And City's Contributions. All payments provided for or on account of persons who are members under this Article and for or on account of persons who remain as members or who have been members of the Funds under Articles XIV and XV, shall be made from funds derived from the following sources, plus interest earned on said funds.

- (1) The normal rate of contribution of each member who exercised the option in Section 2600 shall be five and one-half percent (5-½%). The normal rate of contribution of each person who became a member of the Police or Fire Department after the effective date of this Article and prior to July 1, 1976, shall be based on his age taken to the next lower completed quarter year, at the date he becomes a member of the Police or Fire Department, and shall be such as, on the average for each such member, will provide, assuming service without interruption, one-fourth (¼) of that portion of the service retirement allowance to which he would be entitled, without continuance to dependents, upon first qualifying for retirement under Section 2608, and assuming the contribution to be made from the date of his entrance into the Police or Fire Department. Provided that said members' contribution rates shall never decrease below the table of members' contribution rates in effect as of January 1, 1971, and provided further that no member's contribution rate shall exceed thirteen percent (13%) so long as no improvements in the members' benefits occur after July 1, 1976.
- (2) The dependent rate of contribution of each person who becomes a member of the Police or Fire Department after the effective date of this Article, shall be such as, on the average for such member, will provide, assuming service without interruption, and upon his first qualifying for service retirement under Section 2608, one-fourth (¼) of the portion of his allowance which is to be continued under Section 2608, after his death and throughout the life of a surviving wife whose age at said death is three years less than the age of said member, or, as the case may be, a surviving husband whose age at said death is three years more than the age of said member. The dependent rate of contribution of each member who exercises the option in Section 2600, shall be one and one-half percent (1-½%). If at the date of retirement for service or retirement for disability, said member has no wife who would qualify for the continuance of the allowance to her after the death of

Oakland City Charter

said member, the dependent contributions with accumulated interest thereon, shall be paid to him forthwith.

- (3) The normal rate of contribution of persons who remain members under Article XIV and XV shall be five percent (5%). Such rate shall be applied to compensation, on and after the effective date of this Article, as described in paragraph 4 of this section. Such persons shall not have dependent contribution rates.
- (4) There shall be deducted from each payment of compensation made to a member throughout his membership, a sum determined by applying the member's normal and dependent rates of contribution to such compensation payment. Except for persons who remain members under Article XIV and XV, the sum so deducted shall be accumulated with interest as set from time to time as provided in Section 2602(a). Such accumulated contribution shall be used to provide benefits for said members, or shall be paid to said member or his estate or beneficiary as provided in this Article.
- (5) Members' contributions deducted from compensation earned prior to the effective date of this Article, and after May 3, 1943, shall not be considered in the determination of allowances, and shall be paid to the Retirement System, with interest, by the City when said accumulated contributions otherwise are payable to or on account of members by the Retirement System.
- (6) The City shall contribute to the Retirement System such amounts as may be necessary, when added to the contributions referred to in the preceding paragraphs of this Section, to provide the benefits payable under this Article and Articles XIV and XV. The City contributions made periodically during the year shall be such as when added to member contributions will actuarial fund all liabilities for all members prior to July 1, 1976, by July 1, 2026. Any fund established pursuant to the 1971 amendment to this subsection and implemented by Retirement Board Resolution No. 3968 which provided for payment of improved or additional benefits shall continue only for the purposes stated herein. Any monies held in such fund as of July 1, 1976, and any interest credited thereon pursuant to Section 2602(a) shall continue to be payable to members of this system as follows:
 - (a) For all individuals who received retirement allowances as of December 31, 1972, said allowance commencing January 1, 1973, shall be increased as follows:

Oakland City Charter

(1) A computation of an additional one percent (1%) of the gross allowance due in December, 1972, shall be made for each said individual. Any additional monies added to the basic retirement allowance because of minor children under Charter Section 2612(a) shall not be included in the computation of said one percent (1%).

(2) The amount of each said December, 1972, one percent (1%) computation shall become a fixed, non-fluctuating amount which shall be added each month, commencing in January, 1973, to the retirement allowance of each said individual and to any continuation (and in the appropriate percentage to any partial continuation) of each said retirement allowance.

(b) For members of the System retiring after December 31, 1972, at the date of retirement, a computation of an additional five percent (5%) of the compensation attached to the average rank held by such member during the three (3) years next preceding said retirement shall be made for each individual retiring with at least twenty-five (25) years of service.

The amount of each said five percent (5%) computation shall become a fixed, non-fluctuating benefit amount which shall be added in monthly installments to the retirement allowance of each said individual retiring or who is considered as retiring with at least twenty-five (25) years of service and to any continuation (and in the appropriate percentage to any partial continuation) of each said retirement allowance.

No additional monies from any source whatsoever shall be paid into said fund, and said fund shall cease to exist when the monies held payable for the aforementioned purposes are expended.

(7) During the absence of a member by reason of service with the armed forces of the United States, either during a war involving the United States as a belligerent, or in any other National Emergency and for six (6) months thereafter, and who is not dishonorably discharged or released therefrom, the City shall contribute for and on behalf of such member, amounts equal to the contributions which would have been made by such member and by the City to the Police and Fire Retirement Fund if he had not been so absent. The contributions made by the City pursuant to the provisions of this paragraph in lieu of contributions which the member otherwise would have made, shall be made available only

Oakland City Charter

for the purpose of retirement and death after the completion of ten (10) years of service in the aggregate, and in the event of the resignation or dismissal of said member from service as a member of the Police or Fire Department prior to qualifying for service retirement, or in the event of the death of such member from causes not arising out of the performance of duty prior to the completion of ten (10) years of such service, any withdrawal of accumulated contributions by such member or any death benefit payable by reason of such death shall include only that portion of the accumulated contributions actually made by such member. For the purposes of this Article, a war involving the United States as a belligerent exists: (a) whenever Congress has declared war, and peace has not been formally restored; (b) whenever the United States is engaged in active military operations against any foreign power, whether or not war has been formally declared; or (c) whenever the United States is assisting the United Nations, in actions involving the use of armed force, to maintain or restore international peace and security.

###



AGENDA REPORT

TO: Oakland Police and Fire
Retirement Board

FROM: Katano Kasaine

SUBJECT: Audit Committee Agenda Pending List

DATE: April 16, 2018

	SUBJECT	PROPOSED SCHEDULED MEETINGS	STATUS
4	Approval of Write-offs for uncollectable accounts	not scheduled	Pending approval of PFRS Over/ Under Policy
5	Discussion of possible Update of 2007 IFS Management Audit Report	5/30/2018	

Respectfully submitted,

Katano Kasaine, Plan Administrator
Oakland Police and Fire Retirement System

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

Oakland Police and Fire Retirement Board meetings are held in wheelchair accessible facilities. Contact Retirement Systems, 150 Frank Ogawa Plaza, Suite 3332 or call (510) 238-7295 for additional information.



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

AGENDA

INVESTMENT COMMITTEE MEMBERS

Jaime T. Godfrey
Chairman

R. Steve Wilkinson
Member

Martin J. Melia
Member

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

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

**Wednesday, April 25, 2018 – 10:30 am
One Frank H. Ogawa Plaza, Hearing Room 3
Oakland, California 94612**

- - - ORDER OF BUSINESS - - -

- 1. Subject:** **March 28, 2018 PFRS Investment Committee Meeting Minutes**
From: Staff of the PFRS Board

Recommendation: **APPROVE** March 28, 2018 Investment Committee meeting minutes.
- 2. Subject:** **Investment Market Overview**
From: Pension Consulting Alliance (PCA)

Recommendation: **ACCEPT** an informational report on the global investment markets through March 31, 2018.
- 3. Subject:** **Preliminary Investment Fund Performance Report for the Quarter Ending March 31, 2018**
From: Pension Consulting Alliance

Recommendation: **ACCEPT** a Preliminary Investment Fund Performance Report for the Quarter Ending March 31, 2018.
- 4. Subject:** **Search for Defensive Equity Investment Manager for the Domestic Equity Portfolio of the PFRS Investment Fund**
From: Staff of the PFRS Board and PCA

Recommendation: **RECOMMEND BOARD APPROVAL** of the Request for Information (RFI) by PCA of the search for a Defensive Equity Investment Manager for the Domestic Equity Portfolio of the PFRS Investment Fund.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR INVESTMENT COMMITTEE MEETING
APRIL 25, 2018**

ORDER OF BUSINESS, continued

5. **Subject:** Resolution No. 7011 - Resolution authorizing a professional service agreement with Parametric Portfolio Associates, LLC, to serve as investment manager of the Alternative Risk Premia Plan and the Trend Following Plan of the Crisis Risk Offset Investment Strategy for the Oakland Police and Fire Retirement System in a Comingled Fund at a fee rate not to exceed seventy-three basis points (73bp, or 0.73%) of the portfolio's assets value each year
- From:** Pension Consulting Alliance (PCA)
- Recommendation:** **RECOMMEND BOARD APPROVAL** of Resolution No. 7011 - Resolution authorizing a professional service agreement with Parametric Portfolio Associates, LLC, to serve as investment manager of the Alternative Risk Premia Plan and the Trend Following Plan of the Crisis Risk Offset Investment Strategy for the Oakland Police and Fire Retirement System in a Comingled Fund at a fee rate not to exceed seventy-three basis points (73bp, or 0.73%) of the portfolio's assets value each year.
6. **Schedule of Pending Investment Committee Meeting Agenda Items**
7. **Future Scheduling**
8. **Open Forum**
9. **Adjournment of Meeting**

AN INVESTMENT AND FINANCIAL MATTERS COMMITTEE MEETING of the Oakland Police and Fire Retirement System (“PFRS”) was held March 28, 2018 in Hearing Room 3, One Frank Ogawa Plaza, Oakland, California.

Committee Members Present:

- Jaime T. Godfrey, Chairman
- Martin J. Melia, Member
- R. Steven Wilkinson, Member

Additional Attendees:

- Katano Kasaine, Plan Administrator
- Pelayo Llamas, Deputy City Attorney / PFRS Legal Counsel
- David Low & Teir Jenkins, Staff Members
- David Sancewich & Sean Copus, Pension Consulting Alliance (PCA)

The meeting was called to order at 9:03 am. Member Wilkinson arrived at the PFRS Investment Committee meeting at 9:37 am.

1. **Approval of Investment Committee meeting minutes** – Member Melia made a motion to approve the February 28, 2018 Investment Committee meeting minutes, second by Chairman Godfrey. Motion passed.

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

2. **(1) Review of Alternative Risk Premia/Trend section of Crisis-Risk Offset Strategy, (2) Interview and Selection of New Alternative Risk Premia/Trend Manager** – David Sancewich from Pension Consulting Alliance (PCA) summarized the purpose of the Alternative Risk Premia and Trend Following sections of the Crisis-Risk Offset Investment Strategy in the PFRS Investment Portfolio. He summarized PCA’s review and selection of various firms who applied, and PCA’s recommendation that the Committee interview three Investment managers: AQR, Lombard Odier, and Parametric Portfolio Managers, as the possible investment manager firms to implement this strategy for the PFRS fund. Following Mr. Sancewich’s introduction, each invited investment manager gave a separate presentation on their background and proposed method to implement this investment strategy.

Following the interviews, the Investment Committee, Staff and PCA discussed the manager presentations. Following discussion, Chairman Godfrey made a motion to recommend Board approval of Parametric Portfolio Managers to be the investment manager for the Alternative Risk Premia and Trend Following sections of the Crisis Risk Offset Investment Strategy of the PFRS Investment Portfolio, second by member Melia. Motion passed.

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

Chairman Godfrey made a motion to accept the PCA review of the Alternative Risk Premia/Trend section of the Crisis-Risk Offset Investment Strategy, second by member Wilkinson. Motion passed.

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

Chairman Godfrey made a motion to accept the presentations by firms AQR, Lombard Odier, and Parametric, second by member Melia. Motion passed.

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

- 3. Resolution No. 7007 – Authorization for Service Agreement with Northern Trust Investments for Large-Cap Core Domestic Equity Class Manager** – David Sancewich reported the reasons leading up to the request to change the investment vehicle managed by Northern Trust Investment, a large cap core domestic equity asset class investment manager, from a separate fund into a comingled lending fund. Following some discussion by the Investment Committee and PCA, Chairman Godfrey made a motion to recommend Board approval of Resolution No. 7007 – Authorization for Service Agreement with Northern Trust Investments (large-cap core domestic equity asset class manager) using a comingled lending fund, second by member Melia. Motion passed.

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

- 4. \$14.2 million 2nd Quarter 2018 Member Benefits Drawdown** – Sean Copus from PCA presented the report showing the \$14.2 million drawdown for the 2nd quarter 2018-member benefits drawdown. Following committee discussion, member Melia made a motion to recommend Board approval of the \$14.2 million 2nd Quarter 2018 Member Benefits Drawdown, second by Chairman Godfrey. Motion passed.

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

Chairman Godfrey stated that future Quarterly Member Benefit Drawdown reports should indicate the value of Drawdown amount attributed to City's Contribution.

- 5. Investment Market Overview** – Mr. Sancewich said he would present the Investment Market Overview during the PFRS Board meeting.
- 6. Future Scheduling** – The next Investment Committee meeting was scheduled for April 25, 2018.
- 7. Open Forum** – No Report

The meeting adjourned at 11:50 am.

JAIME T. GODFREY, COMMITTEE CHAIRMAN

DATE

PCA INVESTMENT MARKET RISK METRICS

Monthly Report



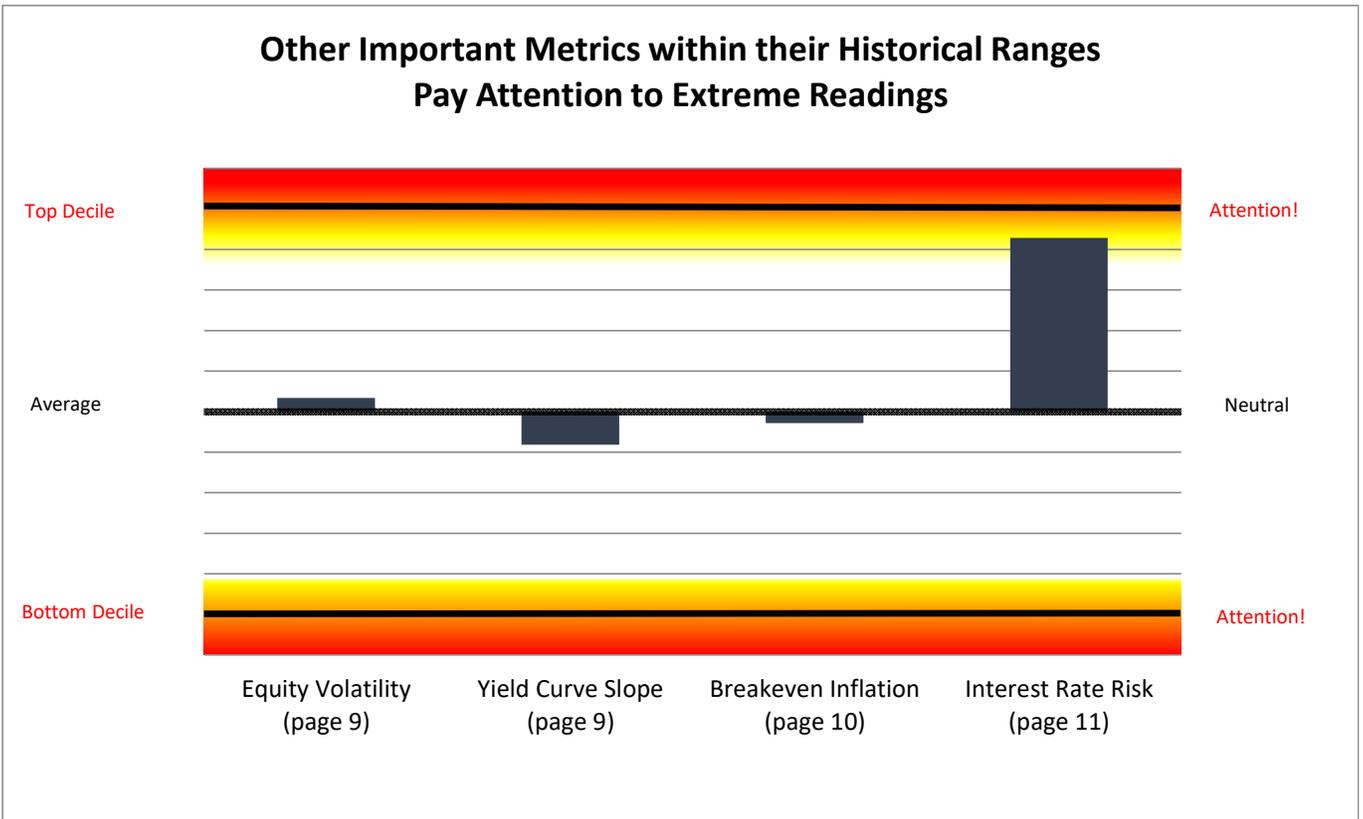
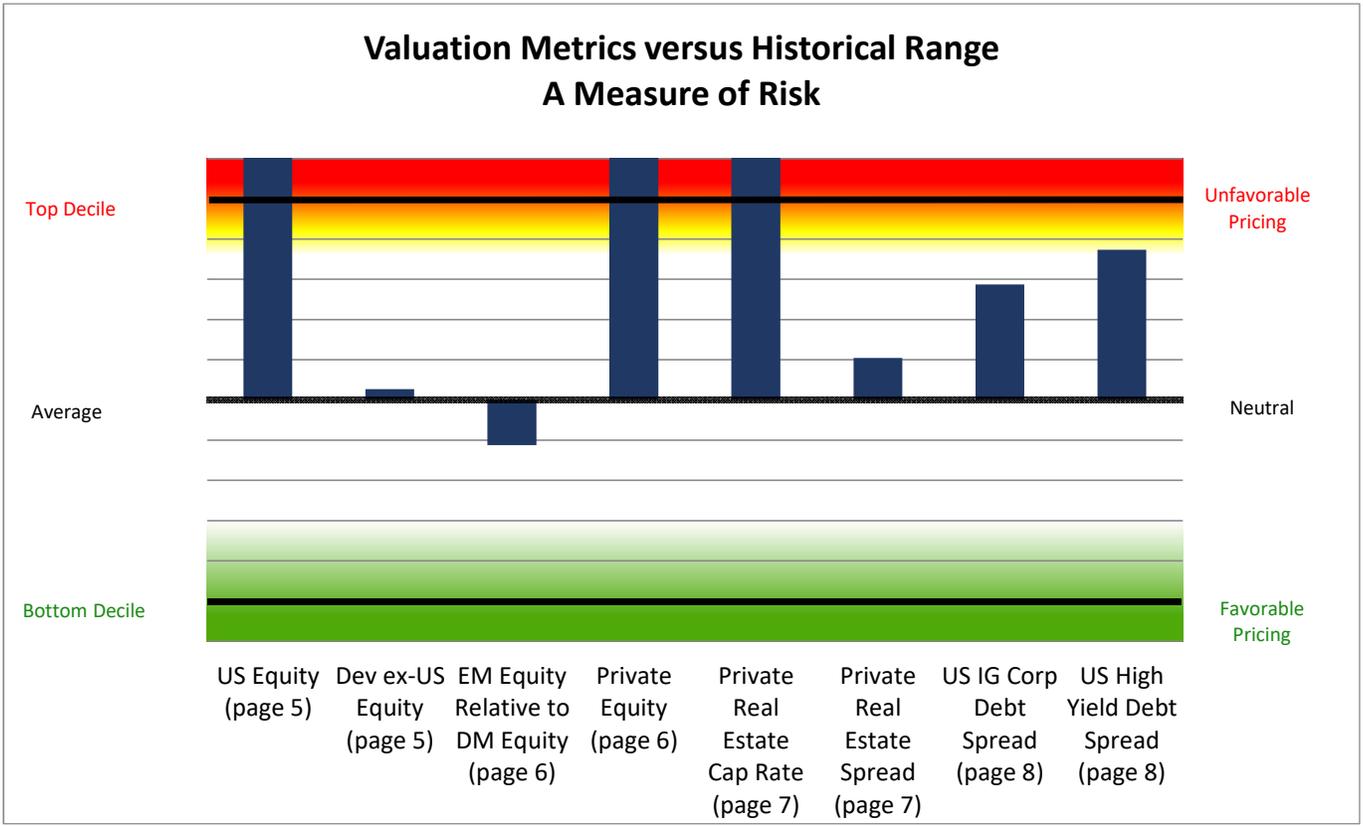
April 2018
(as of 3/31/18)

Takeaways

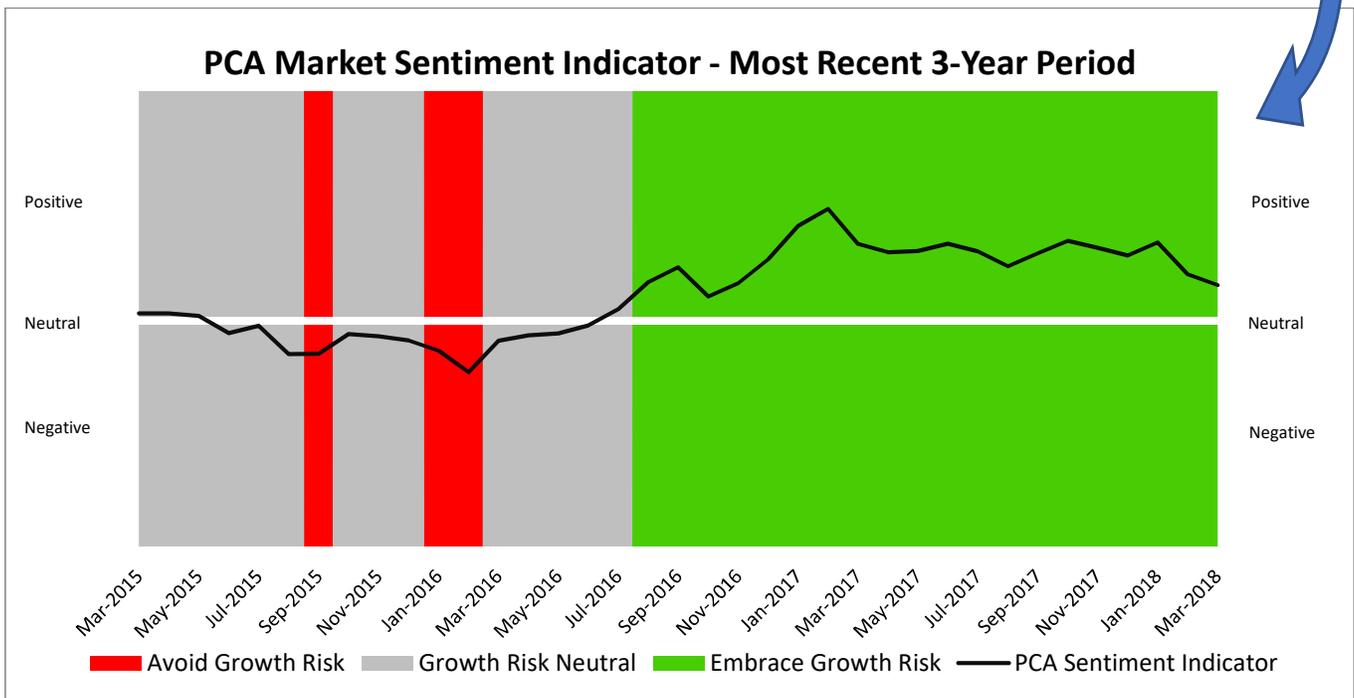
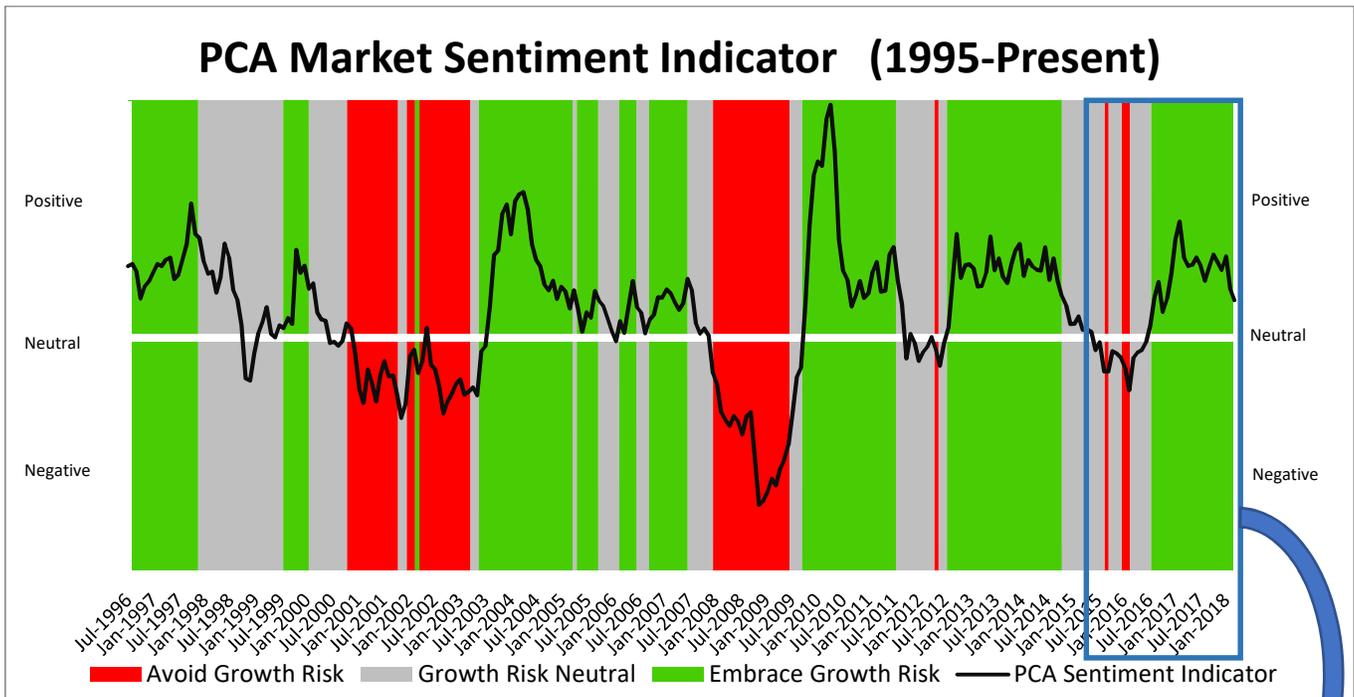
- March was the second down month in a row for most risk-oriented assets. Contrary to February, however, certain diversifying assets (e.g., U.S. Treasuries) produced positive returns for the month.
- The month of January (i.e., mid-to-high single digit returns) is the primary reason that YTD returns for most risk-oriented assets/indices are generally +/-2% (despite recent drawdowns).
- Several market themes from the last few years reversed in March, with small caps outperforming large caps, value beating growth, and material drawdowns in a handful of the strongest performing equities (e.g., FANG stocks).
- On a trailing one-year basis, certain risk assets (e.g., large cap growth stocks, EM equity, etc.) have outperformed other risk-oriented assets (e.g., MLPs, REITs, etc.) by upwards of 40%.
- March saw implied equity market volatility remain at levels closer to the historical averages, with VIX generally ranging between 15 and 25. PCA expects this environment (i.e., significantly higher implied and realized volatility than recent past) to persist over the near-term.
- U.S. Treasury interest rates were fairly stable during March, but the yield curve experienced a marginal flattening.
- Non-U.S. Developed and Emerging Market equity valuations are currently in-line with long-term averages, but they remain modestly cheap relative to U.S. levels.
- A prevailing market theme at the moment is the divergence of U.S. fiscal and monetary policies. Whereas fiscal policy is currently stimulative, monetary policy is generally tightening as economic growth, inflation, and unemployment are approaching late-cycle levels. PCA expects this to remain a topic of interest/concern throughout 2018.
- PCA's sentiment indicator (page 4) remains positive (**green**).

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

Risk Overview



Market Sentiment



Information Behind Current Sentiment Reading

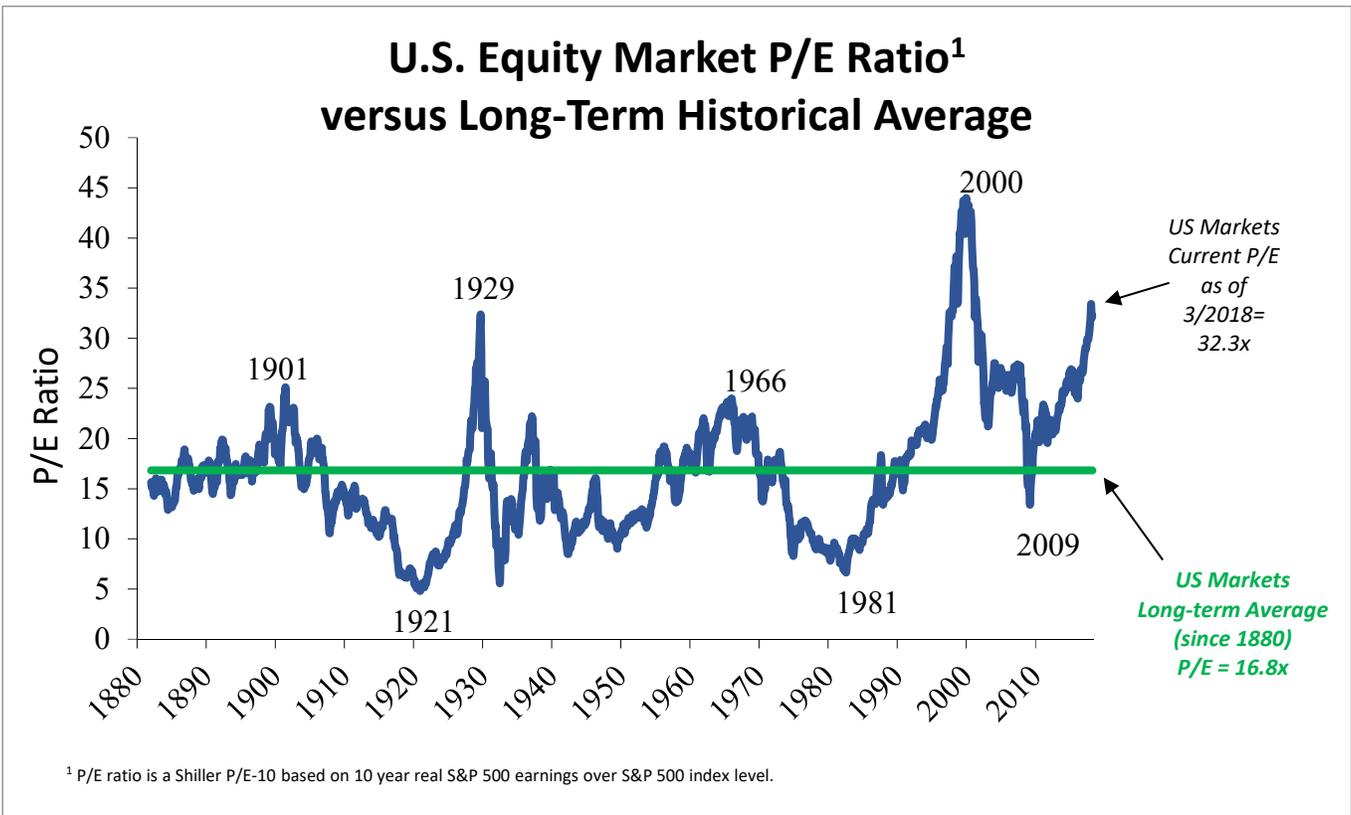
Bond Spread Momentum Trailing-Twelve Months
 Equity Return Momentum Trailing-Twelve Months
 Agreement Between Bond Spread and Equity Spread Momentum Measures?

Positive	■
Positive	■
Agree	■

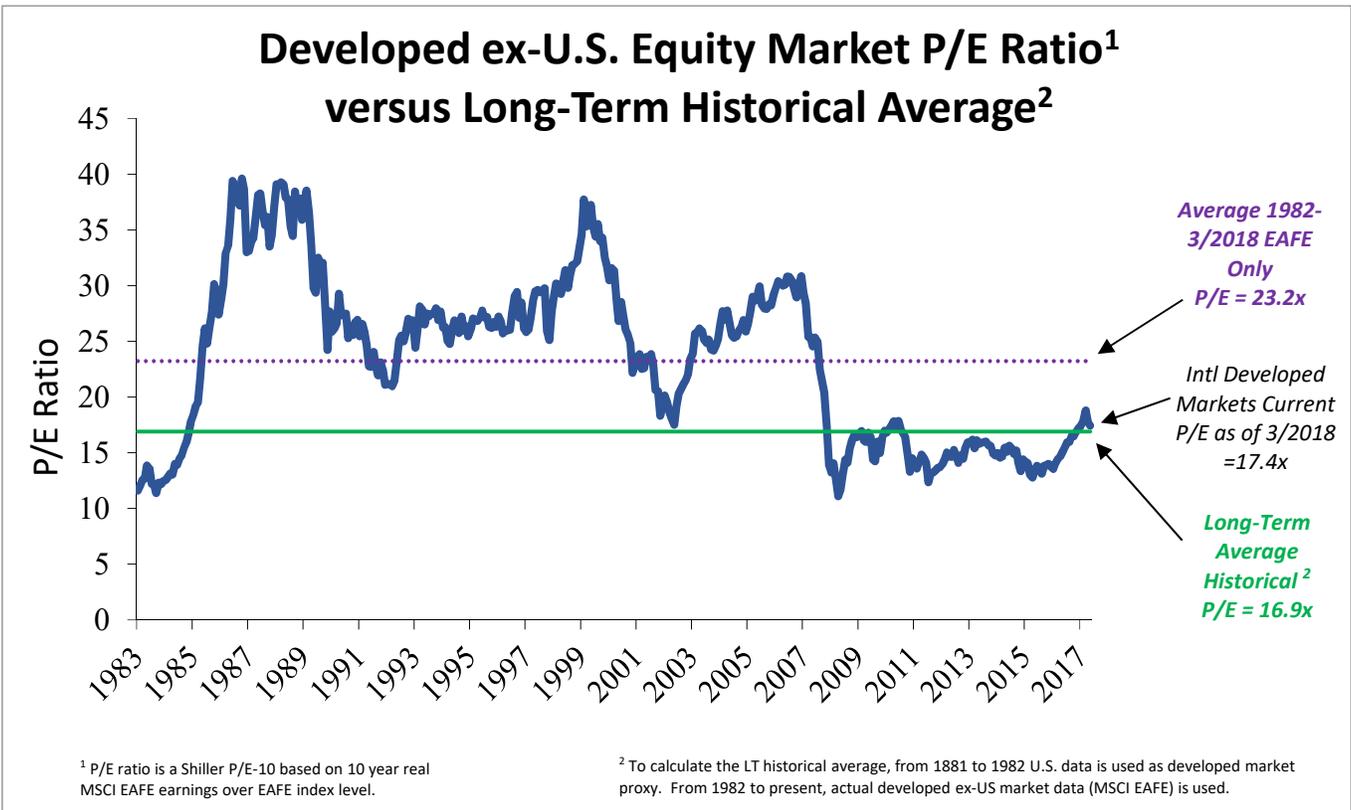
Growth Risk Visibility (Current Overall Sentiment)

Positive	■
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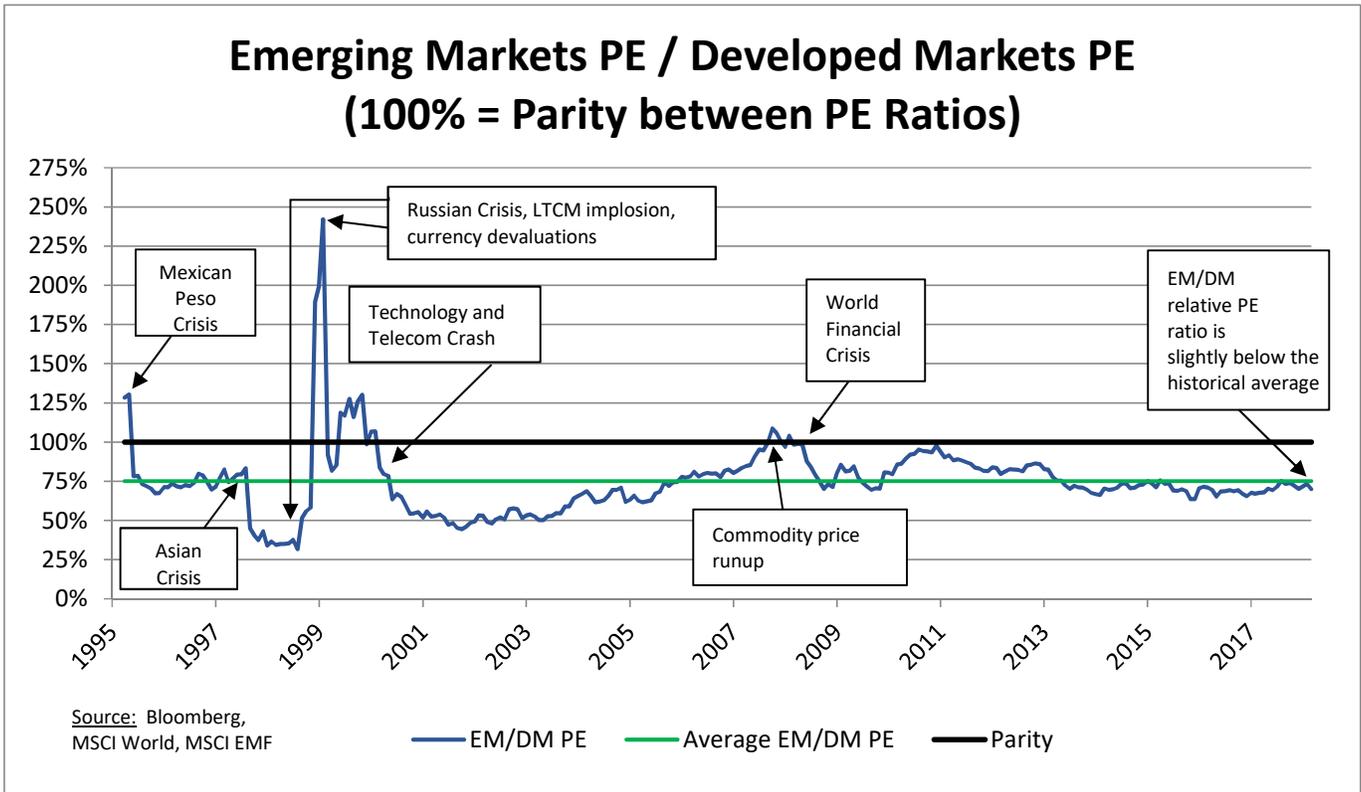
Developed Public Equity Markets



(Please note the difference in time scales)

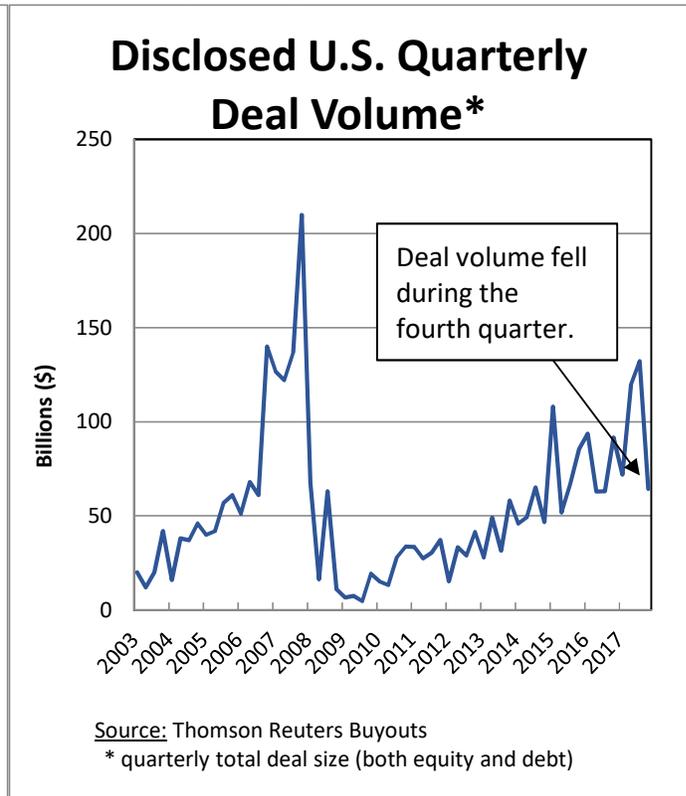
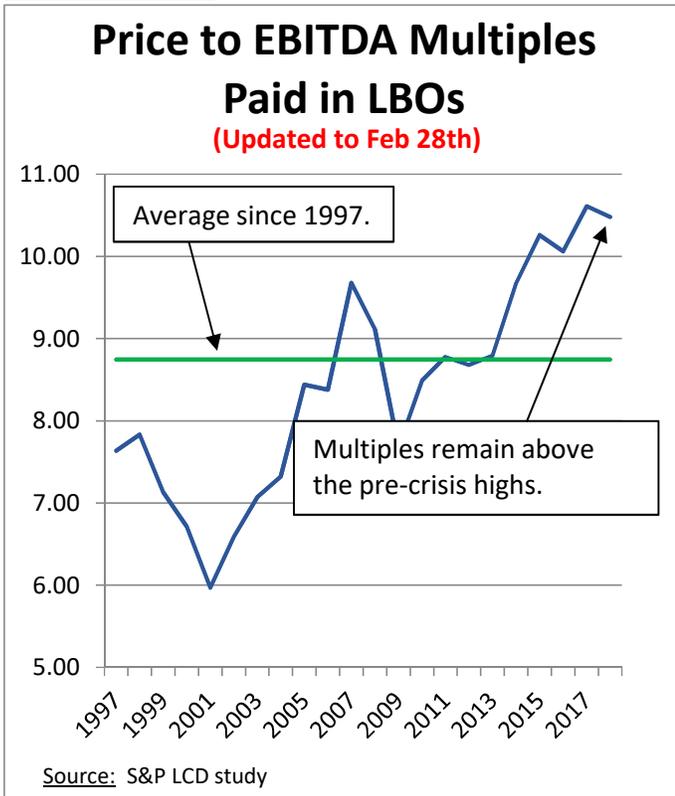


Emerging Market Public Equity Markets



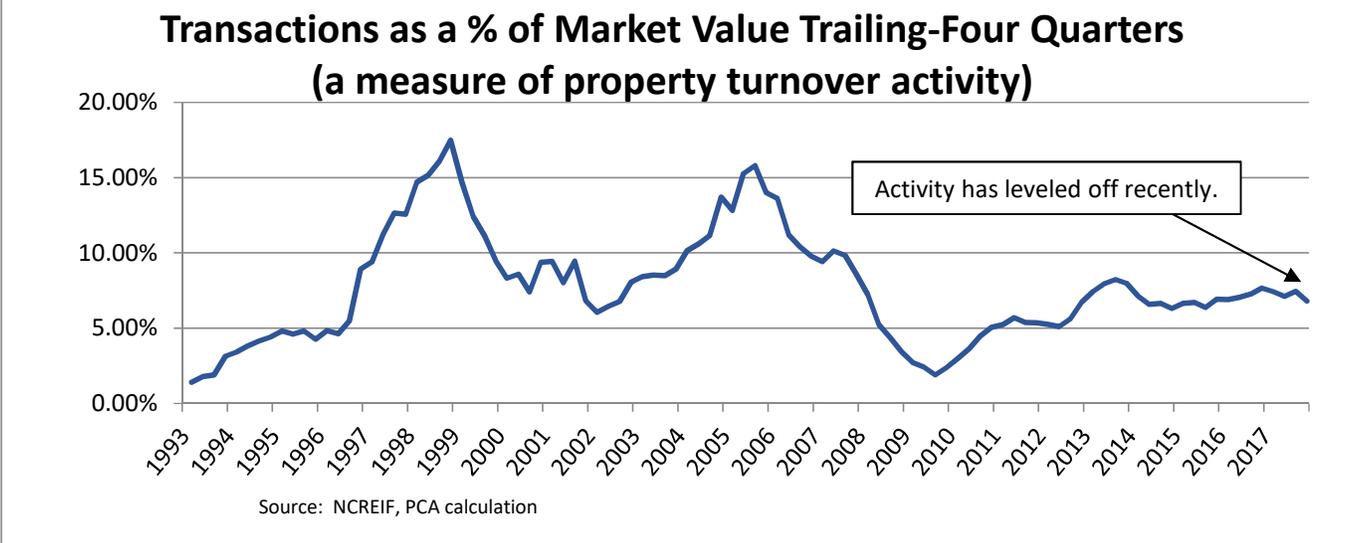
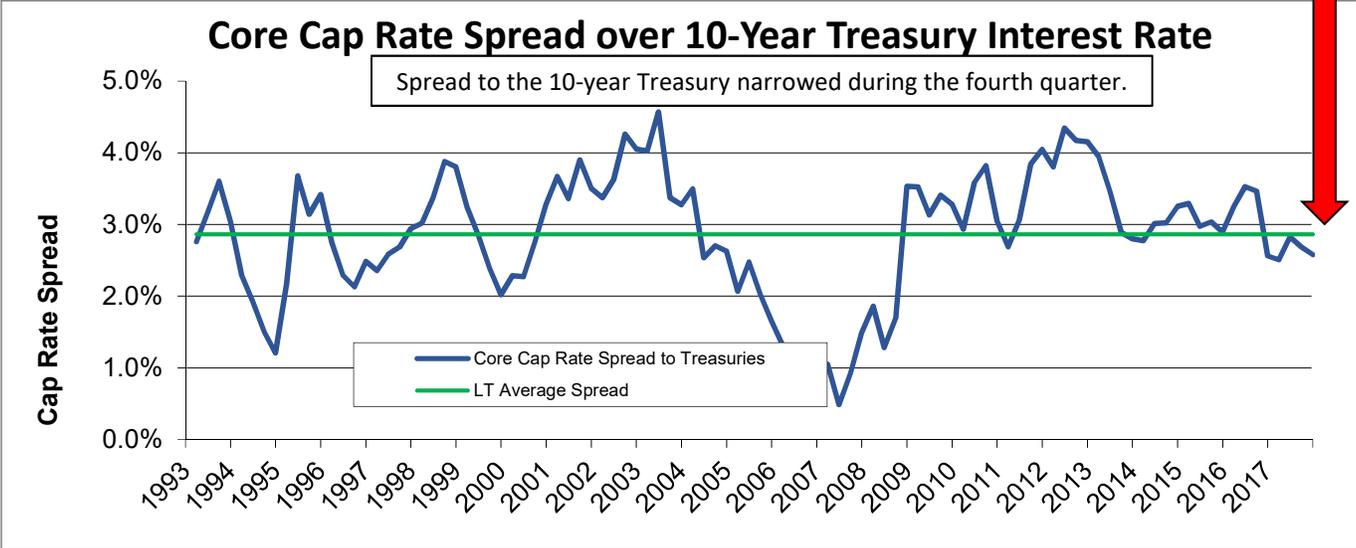
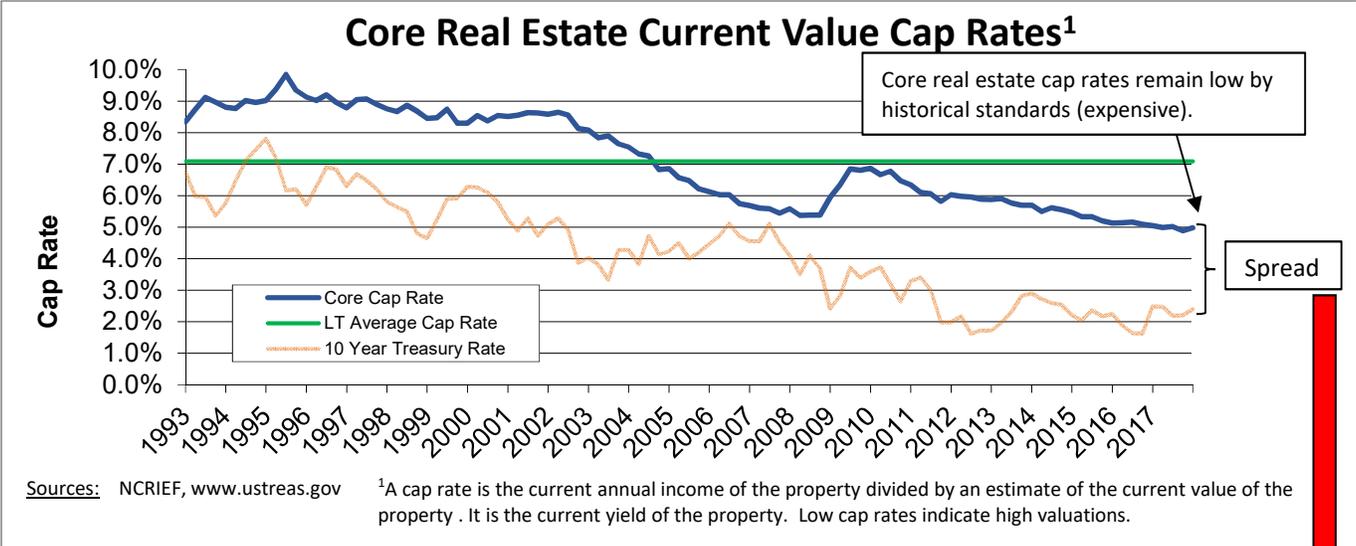
US Private Equity

Quarterly Data, Updated to December 31st

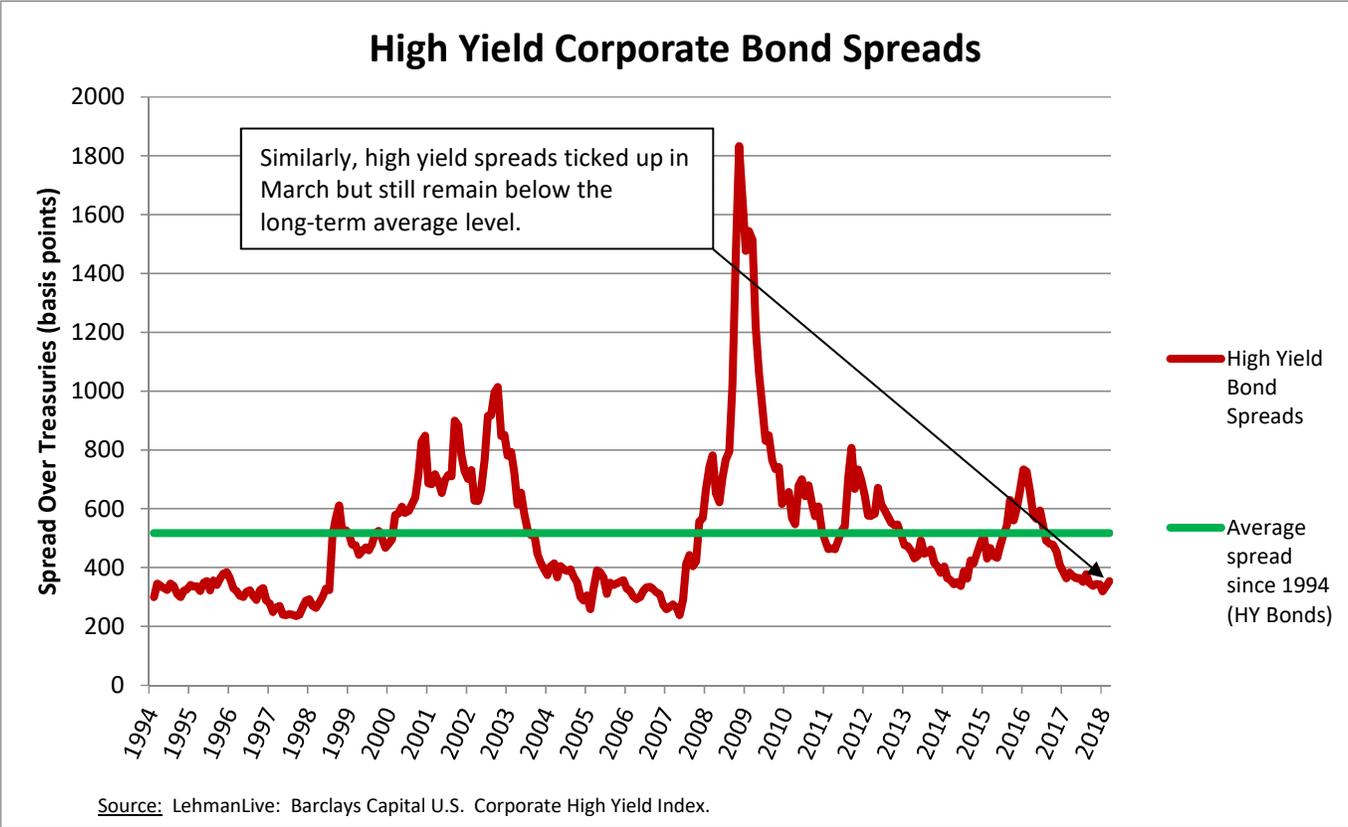
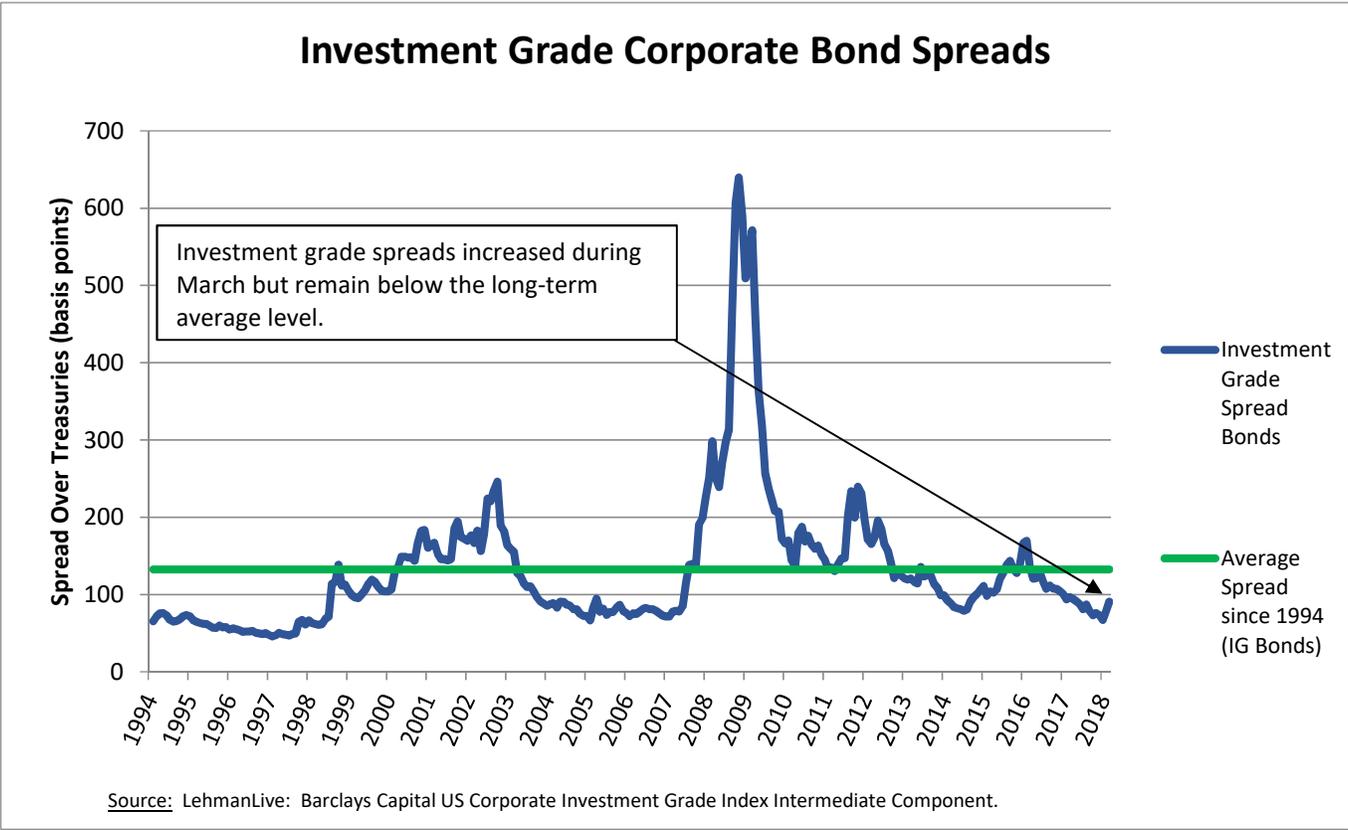


Private Real Estate

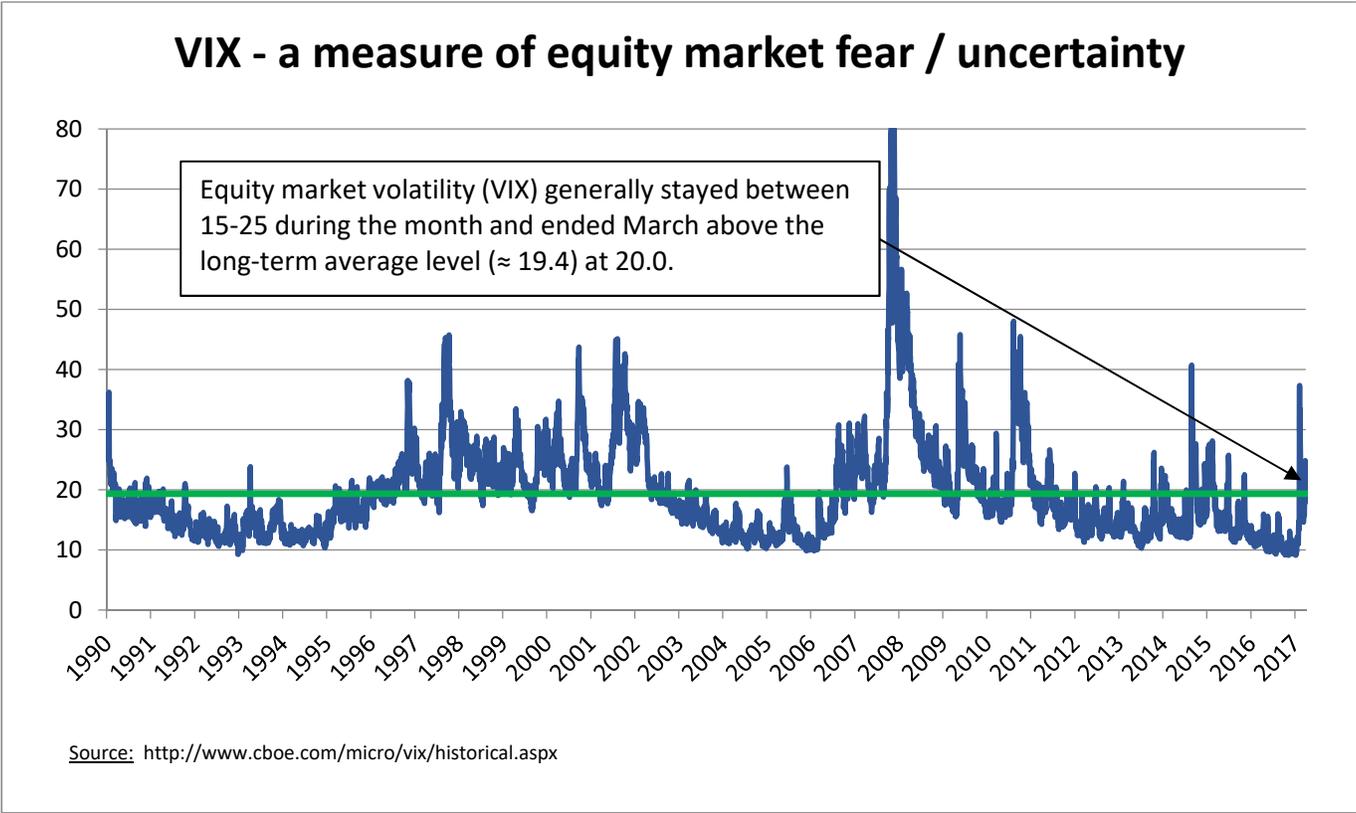
Quarterly Data, Updated to December 31st.



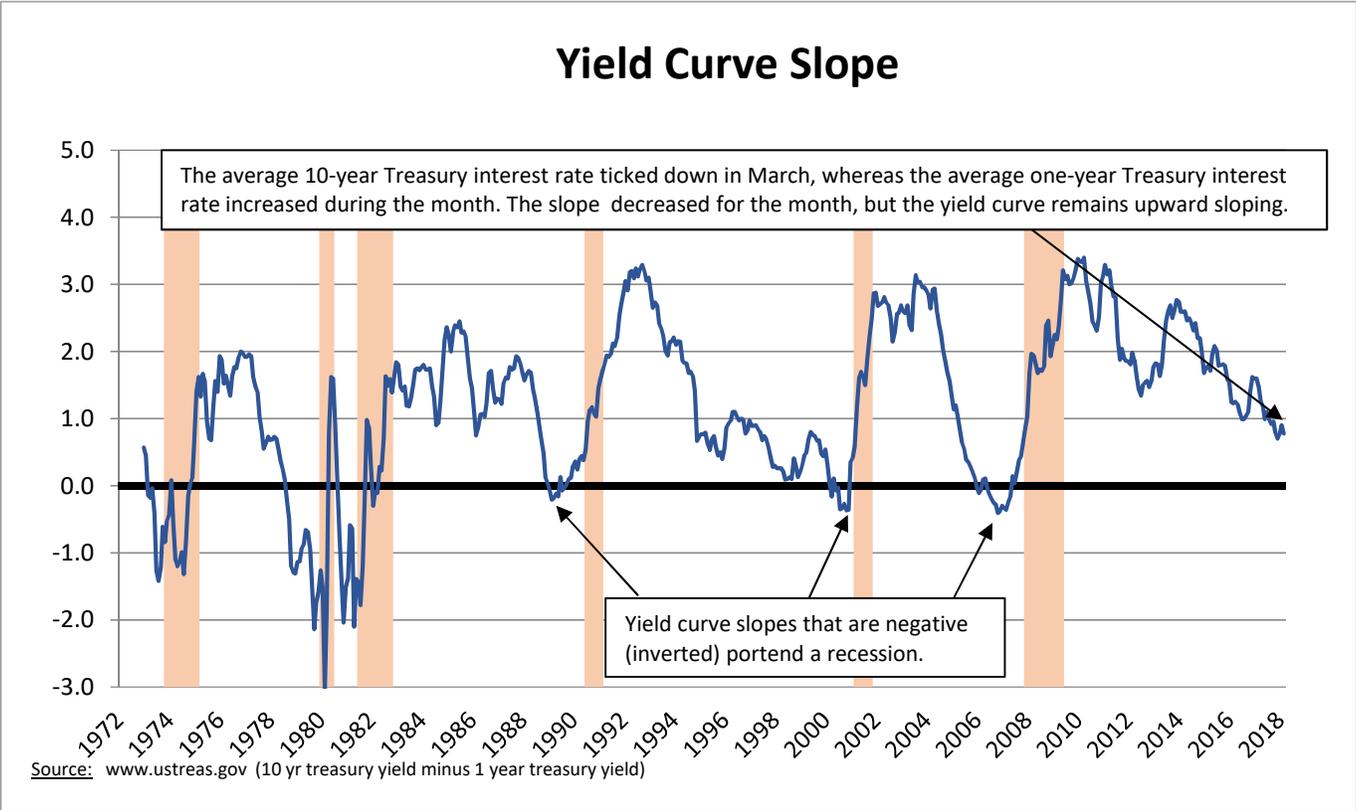
Credit Market US Fixed Income



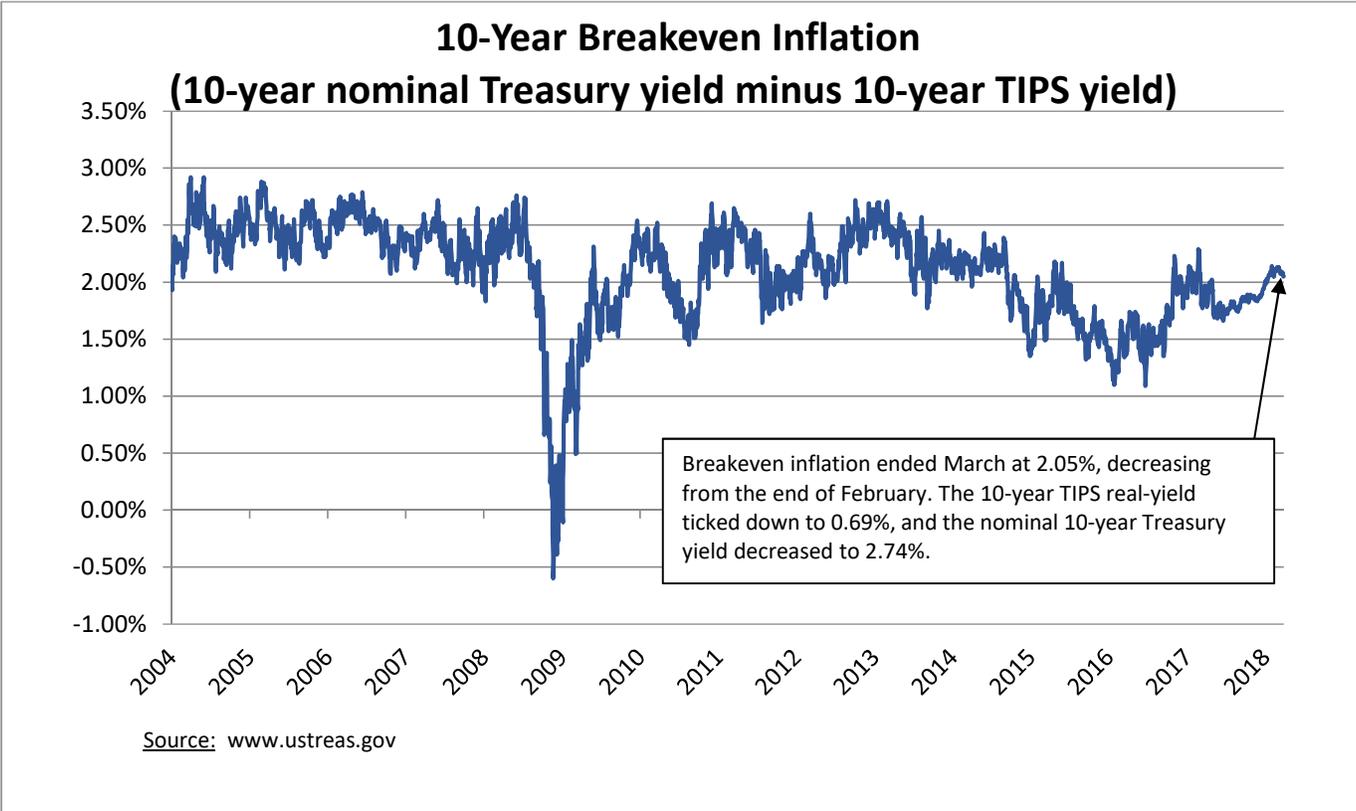
Other Market Metrics



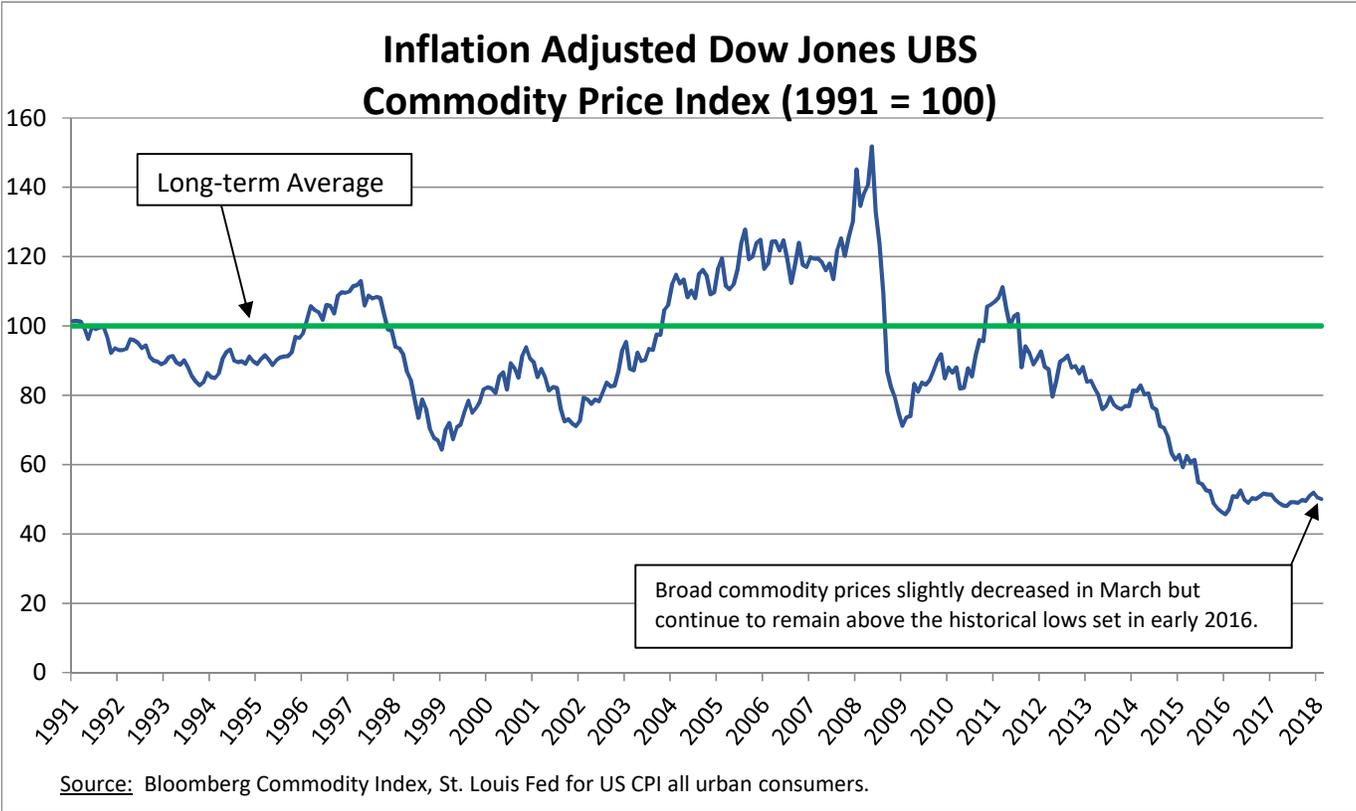
(Please note the difference in time scales)



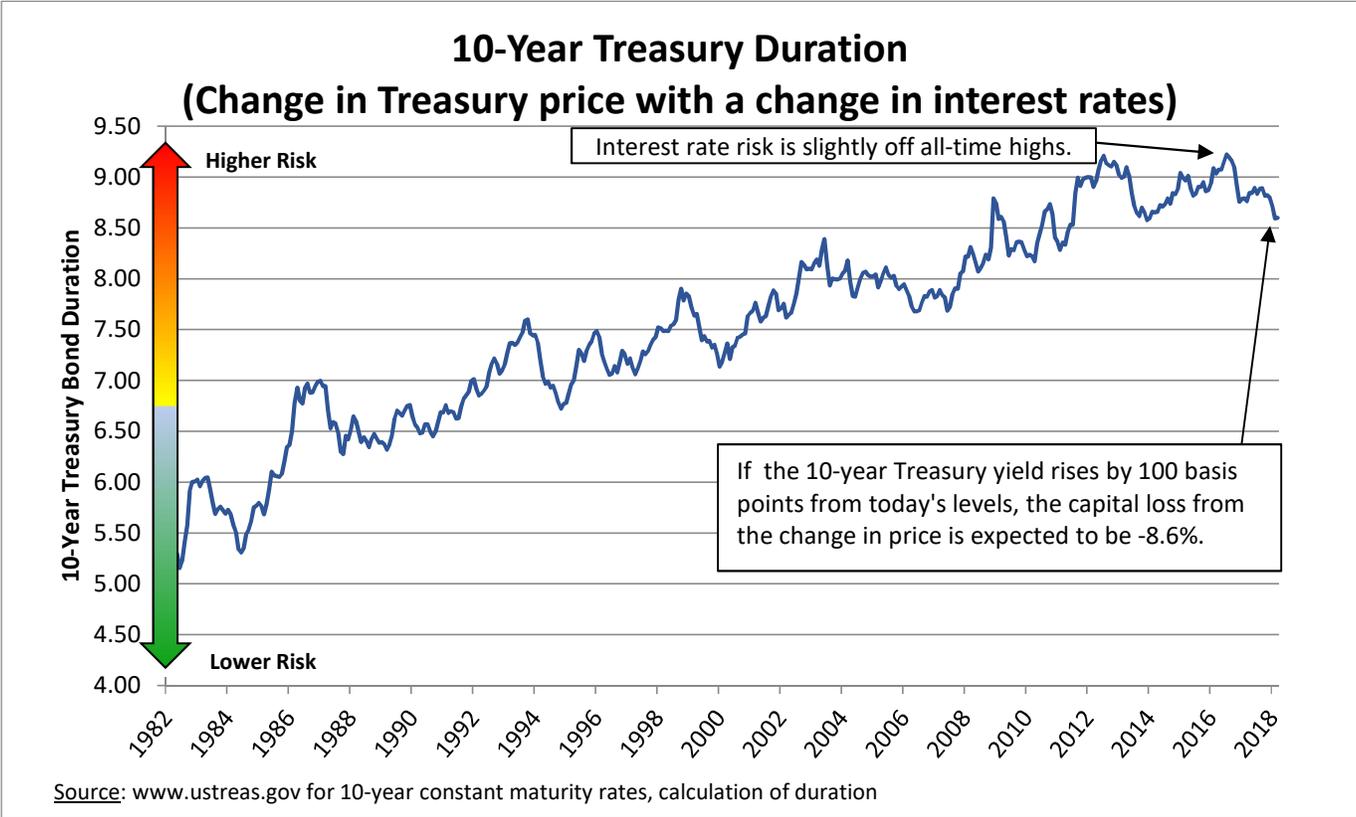
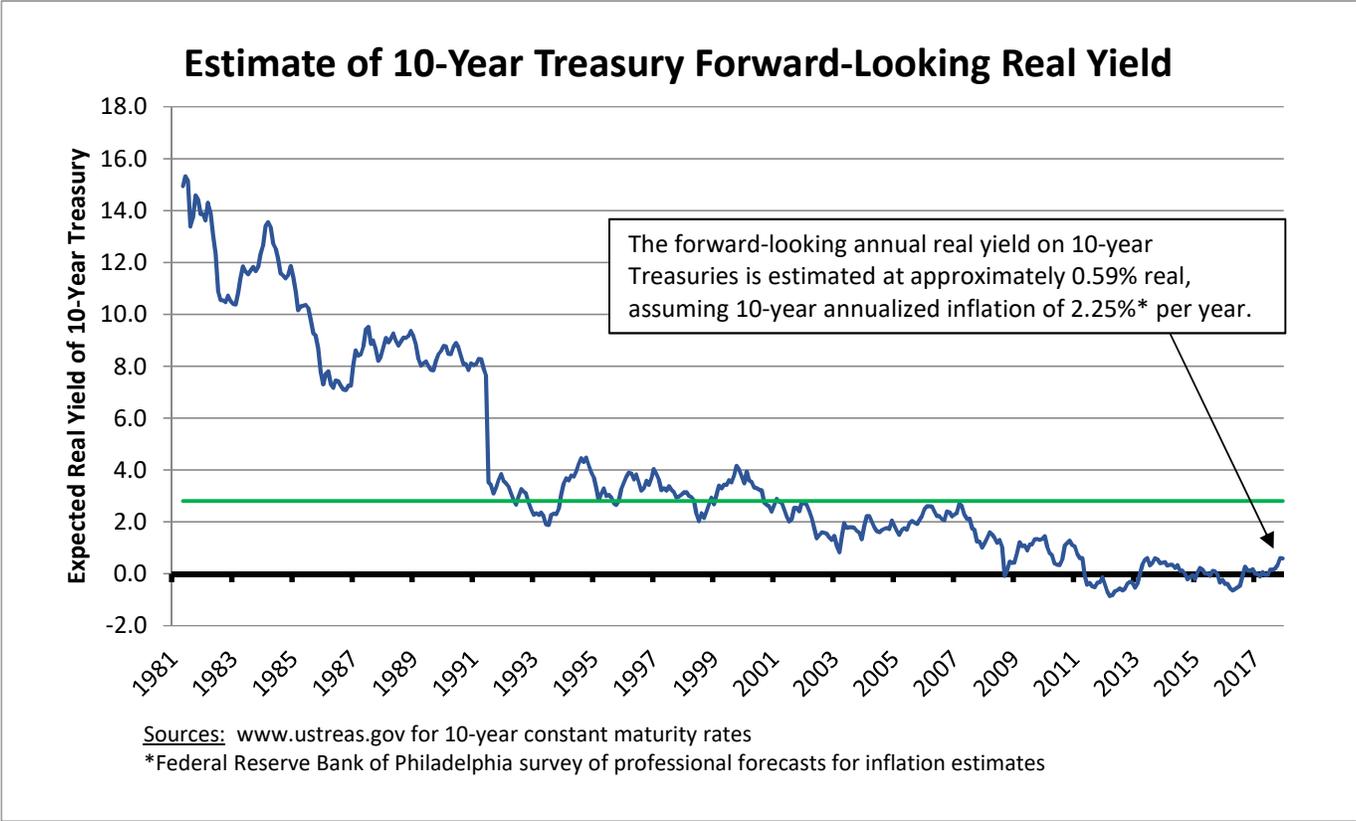
Measures of Inflation Expectations



(Please note the difference in time scales)



Measures of U.S. Treasury Interest Rate Risk



Appendix

Appendix

METRIC DESCRIPTION, RATIONALE FOR SELECTION AND CALCULATION METHODOLOGY

US Equity Markets:

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

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

Developed Equity Markets Excluding the US:

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

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

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

Appendix

METRIC DESCRIPTION, RATIONALE FOR SELECTION AND CALCULATION METHODOLOGY

Emerging Market Equity Markets:

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

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

US Private Equity Markets:

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

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

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

U.S Private Real Estate Markets:

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

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

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

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

Credit Markets US Fixed Income:

Metric: Spreads

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

Appendix

METRIC DESCRIPTION, RATIONALE FOR SELECTION AND CALCULATION METHODOLOGY

Measure of Equity Market Fear / Uncertainty

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

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

Measure of Monetary Policy

Metric: Yield Curve Slope

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

Measures of US Inflation Expectations

Metrics: Breakeven Inflation and Inflation Adjusted Commodity Prices

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

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

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

Measures of US Treasury Bond Interest Rate Risk

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

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

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

Definition of “extreme” metric readings

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

PCA Market Sentiment Indicator

Explanation, Construction and Q&A

By:

Pension Consulting Alliance, LLC.

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

This paper explores:

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



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PCA Market Sentiment Indicator

PCA has created a market sentiment indicator for monthly publication (the PMSI – see below) to complement PCA's Investment Market Risk Metrics.

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

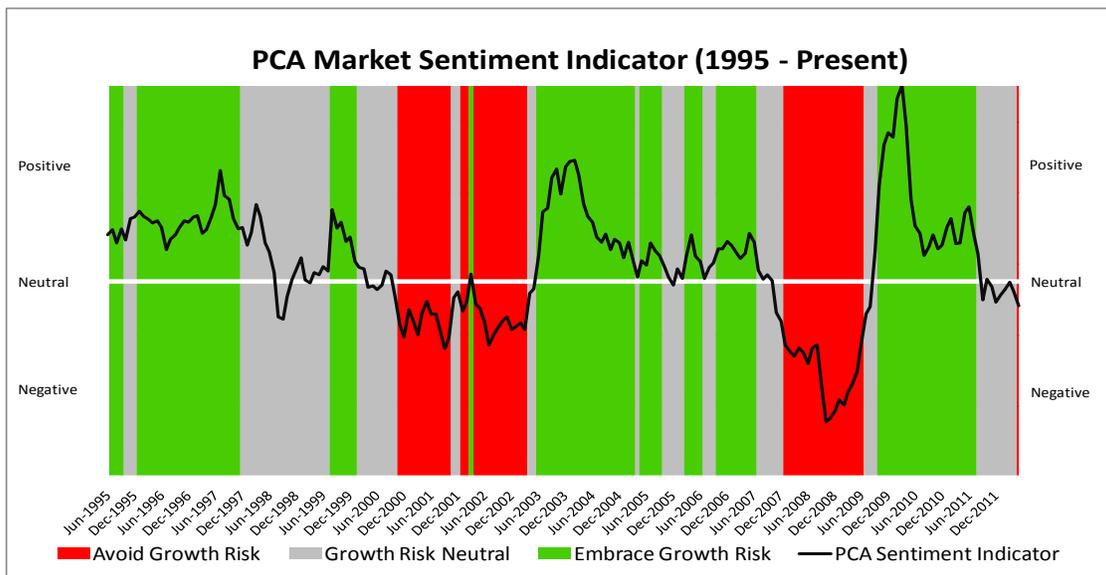
What is the PCA Market Sentiment Indicator (PMSI)?

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

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

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

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



PCA Market Sentiment Indicator

How is the PCA Market Sentiment Indicator (PMSI) Constructed?

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

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

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

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

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

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

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

ⁱⁱ "Time Series Momentum" Moskowitz, Ooi, Pedersen, August 2010
<http://pages.stern.nyu.edu/~lpederse/papers/TimeSeriesMomentum.pdf>

City of Oakland Police and Fire Retirement System
Preliminary 1Q 2018 Performance
As of 3/31/2018, gross of fees

Segment Manager	Benchmark	Style	1Q 2018	1-year	3-year	5-year	Since Inception ⁸	Inception Date ⁹
Total Plan (Gross of Fees)			-0.4	12.2	7.7	8.7	---	---
Total Plan (Net of Fees)¹⁰			-0.5	11.9	7.4	8.4	---	---
Policy Benchmark¹			-1.0	10.3	7.6	8.3	---	---
Public Equity			0.2	16.6	10.2	12.3	---	---
Public Equity Benchmark⁴			-0.7	14.5	9.5	11.6	---	---
Domestic Equity			0.5	15.8	10.7	13.5	---	---
Russell 3000 (blend)⁵			-0.6	13.8	10.2	13.0	---	---
Large Cap			-0.1	14.7	10.7	13.3	---	---
	Northern Trust	Large Cap Core	-0.7	13.9	10.4	13.2	14.3	5/2010
	Russell 1000	Large Cap Core	-0.7	14.0	10.4	13.2	14.3	---
	SSgA Russell 1000 Value	Large Cap Value	-2.8	7.1	8.0	---	7.6	10/2014
	Russell 1000 Value	Large Cap Value	-2.8	6.9	7.9	---	7.5	---
	SSgA Russell 1000 Growth	Large Cap Growth	1.4	21.2	12.9	---	13.2	10/2014
	Russell 1000 Growth	Large Cap Growth	1.4	21.3	12.9	---	13.2	---
Midcap			0.1	17.5	12.8	14.3	---	---
	Earnest Partners	Mid Cap Core	0.1	17.5	12.8	14.3	9.7	3/2006
	Russell Mid Cap	Mid Cap Core	-0.5	12.2	8.0	12.1	8.6	---
Small Cap			3.4	19.4	8.1	13.7	---	---
	NWQ	Small Cap Value	-1.0	10.5	8.8	13.4	8.1	1/2006
	Russell 2000 Value	Small Cap Value	-2.6	5.1	7.9	10.0	6.7	---
	Rice Hall James	Small Cap Growth	7.2	---	---	---	21.9	7/2017
	Russell 2000 Growth	Small Cap Growth	2.3	---	---	---	12.7	---
International Equity			-0.6	20.1	7.8	7.9	---	---
MSCI ACWI Ex US (blend)⁶			-1.1	17.0	6.7	6.4	---	---
	Hansberger	International	0.6	26.3	10.6	9.3	5.4	1/2006
	MSCI ACWI Ex US	ACWI ex US	-1.1	17.0	6.7	6.4	4.6	---
	Fisher	International	-1.0	18.4	6.7	7.5	5.6	3/2011
	MSCI ACWI Ex US	ACWI ex US	-1.1	17.0	6.7	6.4	4.7	---
	State Street Global	International	-1.4	15.2	5.9	6.8	7.7	7/2002
	MSCI EAFE	Developed Markets	-1.4	15.3	6.0	7.0	7.8	---
Fixed Income			-0.9	3.1	2.4	2.5	---	---
BC Universal (blend)⁷			-1.4	1.5	1.7	2.2	---	---
	Reams	Core Plus	-1.1	1.4	1.6	2.0	5.5	1/1998
	BC Universal (blend) ⁷	Core Plus	-1.4	1.5	1.7	2.2	5.0	---
	Ramirez	Core	-1.2	2.9	---	---	3.1	1/2017
	BC Aggregate	Core	-1.5	1.2	---	---	1.6	---
	DDJ	High Yield/Bank Loans	2.6	10.9	7.7	---	7.9	1/2015
	BofAML US HY Master II	High Yield/Bank Loans	-0.9	3.7	5.2	---	5.5	---
Covered Calls			-2.7	7.8	8.5	---	8.0	3/2014
CBOE BXM			-1.6	6.9	7.2	---	6.6	---
	Parametric BXM	Passive Covered Calls	-3.2	5.8	7.5	---	6.9	3/2014
	Parametric DeltaShift	Active Covered Calls	-2.3	9.8	8.9	---	10.0	---

Source of Blended Benchmarks: PCA Performance Group

1. Starting on 5/1/2016, Policy Benchmark consists of 48% Russell 3000, 12% MSCI ACWI ex U.S., 20% BbgBC Universal, 20% CBOE BXM

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

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

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

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

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

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

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

City of Oakland Police and Fire Retirement System

Preliminary Market Value Summary

As of 3/31/2018

Manager	Style	Market Value \$(000)	Target	Actual ¹	Difference
Total Plan		\$375,691	100.0%	100.0%	0.0%
Public Equity		\$198,474	52.0%	52.8%	0.8%
Domestic Equity		\$148,260	40.0%	39.5%	-0.5%
Large Cap Equity					
Northern Trust	Large Cap Core	76,075	23.2%	20.2%	-3.0%
SSgA Russell 1000 Value	Large Cap Value	9,728	0.0%	2.6%	2.6%
SSgA Russell 1000 Growth	Large Cap Growth	10,460	0.0%	2.8%	2.8%
Mid Cap Equity					
Earnest Partners	Mid Cap Core	29,467	6.8%	7.8%	1.0%
Small Cap Equity					
NWQ	Small Cap Value	9,883	2.5%	2.6%	0.1%
Rice Hall James	Small Cap Growth	12,647	2.5%	3.4%	0.9%
International Equity		\$50,214	12.0%	13.4%	1.4%
SSgA	International	14,762	3.6%	3.9%	0.3%
Hansberger	International	17,866	4.2%	4.8%	0.6%
Fisher	International	17,586	4.2%	4.7%	0.5%
Fixed Income		\$90,105	31.0%	24.0%	-7.0%
Reams	Core Plus	22,398	12.0%	6.0%	-6.0%
Ramirez	Core	67,707	19.0%	18.0%	-1.0%
Credit		\$7,771	2.0%	2.1%	0.1%
DDJ	High Yield/Bank Loans	7,771	---	2.1%	---
Covered Calls		\$70,373	5.0%	18.7%	13.7%
Parametric (Eaton Vance)	Active/Replication	70,373	---	18.7%	---
Credit Risk Offset³		\$0	10.0%	0.0%	-10.0%
New/Current Manager	Long Duration	0	3.3%	0.0%	-3.3%
Parametric	Trend/Risk Premia	0	6.7%	0.0%	-6.7%
Total Cash²		\$8,968	0.0%	2.4%	2.4%

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

2. Preliminary estimated balance Includes cash balance with City Treasury and Custodian Cash account as of 3/31/2018.

3. Pending education review s with the Board. Current managers will be utilized w here possible.

April 23, 2018

REQUEST FOR PROPOSAL:

DEFENSIVE DOMESTIC EQUITY MANAGER SEARCH

PCA is in the process of identifying qualified investment management organizations to manage a Defensive Equity mandate on behalf of one of our public fund clients, located in California. The size of the mandate is expected to be approximately \$15-20 million but could vary depending on a number of factors yet to be determined.

To streamline the process, PCA requests the completion (or update) of the following through 3/31/18:

- i) the eVestment Alliance ("eA") eASE Database firm and appropriate product questionnaires,
- ii) the questions contained in this document, and
- iii) certification that minimum qualifications have been met.

It is imperative that all data fields in the eA questionnaires be updated through 3/31/18, including those areas that in the past your firm may have excluded. Please include all explanatory notes requested by eA such as "what is included in Other Assets." Failure to do so may result in the immediate rejection of your response.

We request that the update of the eA databases and the completion and return of this RFI to PCA be no later than **5:00 pm pacific time on May 18, 2018**. If interested, please send an electronic copy of your firm's response by email to:

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503-226-1050
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Please note, as of **Thursday, April 26, 2018**, the Client Board/Staff entered into a "quiet period", during which time no Board/Staff member may knowingly have any communication with any actual or potential candidate for this mandate, unless authorized by the Board in connection with the due diligence process in selecting managers. The quiet period shall cease upon the Board's entering into a contract for the investment manager(s) selected for the mandate. By participating in this RFI you acknowledge and agree to adhere to the Board's "quiet period" policy. The "quiet period" restricts representatives from your firm from having any communication with the Client Board/Staff members. A violation of the quiet period rule may result in disqualification of the candidate or other appropriate Board action.

Confidential or Proprietary Information

The information provided within the RFP are subject to the Sunshine Laws and Brown act, which are U.S. federal and state laws requiring regulatory authorities' meetings, decisions and records to be made available to the public.

The offeror shall designate those portions of the RFP that contains trade secrets or other proprietary data/information that the offeror wishes to remain confidential. This information must be clearly marked on each page and readily separable from the proposal to facilitate public inspection of the non-confidential portions. The entire proposal CANNOT be considered confidential. The fee proposal CANNOT be considered confidential.

MINIMUM QUALIFICATIONS

All proposals will be evaluated in two areas: 1) the *Required Minimum Qualifications* and 2) the *Preferred Criteria*, as specified below.

1. Required Minimum Qualifications (RMQ)

The Proposer must meet all of the following RMQs; otherwise its proposal will be rejected. **For each RMQ, the Proposer must provide a detailed response (one sentence or more) stating how the Proposer complies, indicating that the Proposer has met the RMQ as of March 31, 2018. A response that is limited to a mere reference to other sections of the RFP will be insufficient. Any known deviations from the RMQs below must be disclosed in detail on this form.**

- The Proposer firm must have been in existence for at least five (5) full years. ____ (Initial)
- It must be registered with the Securities and Exchange Commission (SEC), a Bank, or a licensed Insurance Company Affiliate. ____ (Initial)
- It must not have been censured by the SEC, CFTC, or subject to regulatory action within the last three (3) years. ____ (Initial)
- Proposer will complete the RFI questionnaire in its entirety. ____ (Initial)
- The Proposer must be directly responsible for the management of the account, and all personnel responsible for the account must be employees of the firm. ____ (Initial)
- There must be at least three investment professionals dedicated full time to the proposed strategy. ____ (Initial)
- There must be at least six professional employees within the firm. ____ (Initial)
- The firm must agree to consider the Russell 1000 to be a reasonable benchmark for the mandate over a typical market cycle. ____ (Initial)

2. Preferred Criteria (PC)

The following PCs are strongly desired by the Plan. Although failure to meet one or more of the PCs may not necessarily result in disqualification, Proposers who fail to meet one or more of the PCs may be considered less favorably in the selection process. **Please provide a detailed answer for each of the PCs (one sentence or more). Please do not only refer to other sections of the RFP. Any known deviations from the PCs below must be disclosed in detail on this form.**

- The Proposer must not have been involved in any material litigation in the past five (5) years, or since firm inception if less than five (5) years. ____ (Initial)
- The Proposer must be able to adhere to client-specified portfolio constraints. ____ (Initial)

- Total firm assets must be at least \$500 million. ____ (Initial)
- The firm must manage at least \$250 million dedicated to the proposed strategy. ____ (Initial)
- The firm must have (i) at least two existing U.S. based, tax-exempt clients utilizing the proposed strategy and (ii) at least one existing client in the strategy with over \$10 million. ____ (Initial)
- The firm must have at least a three-year live (i.e., not simulated or back tested), Global Investment Performance Standards (GIPS) compliant performance history for the period ending 3/31/18 in the proposed strategy. ____ (Initial)

By signing below, an authorized representative of the Proposer warrants that the Proposer meets all the Minimum Qualifications as detailed above. This page must be signed and returned with the completed RFI.

Authorized Signature

Print Name

Title

Date

Company

RFP QUESTIONNAIRE

A. ORGANIZATION

1. Provide the following information:

Specific (proper) name of organization	
Company's address	
Specific (proper) name of Proposed product	
Inception date of product	
Suggested benchmark	
Proposed vehicle type (i.e., retail mutual fund, institutional mutual fund, commingled trust)	
Are derivatives used in managing this product?	

2. If selected for this mandate, what is the name of the legal entity that will be represented on the contract(s)?
3. Briefly narrate (5 sentences or less) a description of your firm's **overall** product offerings (such as equity and/or fixed, domestic and/or international, retail and/or institutional focus, etc.) and services (investment banking, investment management, credit services, etc.).
4. Provide a brief history of your firm's involvement in the management of Defensive Domestic Equity portfolios. How many years has the firm provided Defensive Domestic Equity portfolio management to institutional investors?
5. Is your firm exempt from SEC registration? Are you registered with regulatory bodies other than the SEC (i.e., FSA.)?
6. Provide detailed information on organizational control / decision-making interests by your parent organization and other affiliated parties (i.e., Board seats, compensation structure, equity participation, other ongoing concerns, etc.).
7. Has your firm (including parent or subsidiaries) been party to any investigations, litigation (including any settled out of court), or regulatory action during the past 3 years (ending 3/31/2018)? If so, please provide (i) a brief synopsis, (ii) the current status, and (iii) a comment on the action's merits.

8. Explain any legal judgments associated with the firm within the last three years. Specify whether the firm is involved in any pending litigation or investigations. If so, please provide a brief synopsis of the case.
9. Explain your firm's structures/policies in place to address areas of concern such as improper (late) trading, market timing, etc.
10. Complete the information in the table below (as of 3/31/18).

Year founded	
Year firm became SEC registered	
# of firm employees (in total)	
# of investment professionals (in total)	
# of investment professionals (in Equity)	
# of investment professionals (in the mandate)	
% of firm owned by employees	
# of employees with ownership stake	
Location (city and state)	
Parent Company (or equivalent)	

11. List all current owners of the firm and % ownership

Name/Company	Relationship to firm (if any)	% Owned

12. Furnish an organizational chart.
13. Insert response as indicated to the following questions (as of 3/31/18). If answer yes (Y) to row C or D please provide a brief explanation.

A. Registered Investment Advisor? (Y/N)	
B. Exempt from SEC registration? (Y/N)	
C. Pending litigation or investigations?* (Y/N)	

D. Previous judgment(s) in last 5 yrs?* (Y/N)	
E. Fiduciary liability insurance? (Y/N)	
F. Error & Omission insurance? (Y/N)	
G. Firm bonded? (Y/N)	
H. GIPS compliant? (Y/N)	
I. Attestation firm/auditor	

*Please answer question directly. Do not refer us to your ADV or other SEC filings.

Firm Wide

	2015		2016		2017		YTD 2018 (3/31)	
	Gain	Loss	Gain	Loss	Gain	Loss	Gain	Loss
Total # of Accounts								
Total Assets								
# of Public Fund Accounts								
Public Fund Assets								

14. Describe your plans for managing the future growth of your firm in terms of:
- a) Total number of accounts that will be accepted.
 - b) Total assets that will be accepted.
 - c) Plans for additions to professional staff and approximate timing in relation to anticipated growth in the number of accounts or assets.

B. PERSONNEL

15. Who should PCA contact regarding any questions about the information contained in your response to this RFP? Who will be the portfolio manager for the account? The client service officer? Provide the following contact information for each: title, phone, email, and address.

	Name/Title	Phone	Email	Address
RFP Contact				
Portfolio Manager				
Client Service				
Accounting				

16. Indicate the number of personnel as designated below (as of 3/31/18). Count individuals only once when completing columns B and C (do not duplicate).

	A	B	C
	Total Firm Wide	# Involved in Product	# Dedicated in Product*
Strategic/Executive Advisors			
Portfolio Managers			
Analysts			
Traders			
Client Servicing/Marketing			
Accounting/Back Office			
Legal/Compliance			
Technology			

* Not involved in other firm products

17. Do Portfolio Managers have client/marketing duties? If so, what percent of their time is allotted (on average) to these duties?

18. Complete the following table with information for key personnel associated with the mandate. **Please order the individuals in terms of Product-specific relevance (most important decision makers)**. If titles are different than Portfolio Manager or Analyst, please indicate which individuals are functionally portfolio managers and which are functionally analysts.

Name (include designations)	Title	Highest Level of Education	Institution	Years with Firm	Years Involved with Product	Years in Current Capacity	Years of Investment Experience

19. Provide biographies and/or resumes of all personnel associated with the Product.
20. Are the portfolio managers or investment professionals responsible for building the track record still managing the strategy?
21. Does your firm have a succession plan in place for key personnel on this Product? Please describe.
22. Indicate the number of Product-related personnel changes for the past four calendar years and 2018 YTD as designated below. For each individual counted in the table, please provide the reasons for the change. If changes are due to promotions or transfers please specify. (Please note this information should match the data reported in the eVestment Alliance database.)

	2015		2016		2017		2018 (3/31)	
	Gain	Loss	Gain	Loss	Gain	Loss	Gain	Loss
Product Related Personnel								
Strategic/Exec. Advisors								
Portfolio Managers								
Analysts								
Traders								
Client Servicing/Marketing								

23. What policies are in effect to control the workload as it relates to the number of clients serviced by each account managers? Is there a limit on the number of accounts that an account manager may handle?
24. Describe compensation and incentive structures for the product's portfolio managers and research analysts directly associated with the investment product. Please discuss how bonus/performance pools are allocated among portfolio managers, analysts, and other functional areas.
25. Has any employee associated with this product offering been party to any investigations, litigation (including any settled out of court), or regulatory action during the past 5 years (ending 3/31/2018) while at this or any other firm? If so, please provide (i) a brief synopsis, (ii) the current status, and (iii) a comment on the action's merits.
26. Explain any legal judgments within the last 5 years pertaining to any current or former employee associated with this product while at this or any other firm. Specify whether the employee is involved in any pending litigation or investigations. If so, please provide a brief synopsis of the case.
27. Describe your errors & omissions, fiduciary liability and/or fidelity bond insurance policies and carrier(s)?

C. INVESTMENT STRATEGY

Note: Please keep answers clear, concise, and to the point. Lists and/or bullet points are encouraged if appropriate.

28. Provide a one paragraph "elevator pitch" for the proposed product.
29. What are the defining features of the proposed product and what qualifies the product as "Defensive"?
30. Describe the investment philosophy. Specify objective, approach, and strategy.
31. What is the most appropriate benchmark for your product? Why?
32. Does this strategy make investments outside of the Russell 1000 Index? If so, what has been the historical range of investments in non-Russell 1000 issues?
33. What is your firm's philosophy regarding the role of this strategy within an overall institutional investment portfolio?
34. How does the strategy utilize top-down and bottom-up elements?
35. How would you characterize the strategy's style (e.g., core, growth, value, deep value, relative value, garp, etc.)?

- 36. What academic/third-party research aided in the development of your strategy?
- 37. When analyzed under a regression-type framework (CAPM, Fama-French, etc.), do you believe the “alpha” will persist in the future?
- 38. Describe any return or risk models that are utilized.
- 39. How are sector and individual security weightings determined?
- 40. Provide a description of the portfolio construction process for the strategy.
 - a) List each stage explicitly.
 - i. Discuss the quantitative and qualitative processes utilized in constructing the portfolio.
 - ii. Discuss process and sources of research in detail.
 - XV. Describe the sources of information used to select securities.
 - XVI. How do you source ideas and/or data?
 - iii. Is there a model portfolio? How do separate accounts deviate from the model portfolio?
 - iv. What is the firm’s sell discipline?
- 41. Are there any current issues within the portfolio (e.g., illiquidity, impairment, etc.) or has there been in the past?
- 42. Provide expected return information and source(s) of added value over the Russell 1000 Index. Please identify the percentage of each source. Why do you believe these alpha sources will be sustainable over the next few years?

Sources of Added Value	%
Sector Selection	
Security Selection	
Factor/Style Tilts	
Trading Execution	
Other Sources	

- 43. Describe the use of computer software and/or quantitative tools that are utilized in the research and investment process.
- 44. Discuss any specific risks that you limit/monitor (e.g., tracking error, sector allocations, etc.), and how do you ensure these parameters are in-line with portfolio guidelines?
- 45. Describe any changes (or events) during the strategy’s live track record that have impacted performance results.
- 46. Has there been any changes to the investment process (or models if applicable) since the inception of the strategy? If so, please describe.

PART 4: RISK CONTROL

47. Please supply
 a) the internal investment guidelines for the proposed strategy and
 b) complete the table below

Policy Limits

	Guidelines (Yes or No)	Maximum or Range	How Established (Absolute or Index Relative)
Max Cash Position			
Min Market Capitalization (\$millions)			
Max Market Capitalization (\$millions)			
Max Position Size			
Max Sector Exposure			
Max Industry Exposure			
Max out-of-benchmark exposure			
Max International Exposure			
Max Volatility			

48. How do you define risk? Describe your firm’s risk philosophy (i.e., benchmark relative or absolute loss aversion).
49. Describe your risk control process in detail? Describe the risk models/controls used in portfolio construction. Is cash used as a method of risk control? How do you monitor underlying factor exposures?
50. How do you monitor the product’s adherence to its investment style and process? Specify who is responsible.
51. Describe how you evaluate and monitor liquidity risk, specifically commenting on how you would handle an “illiquidity event.”
52. What is your strategy’s expected return and volatility in absolute and relative terms.
53. How important is benchmark tracking error in the portfolio construction? Is it measured and managed? If so, how?
54. How do you monitor portfolio parameters with respect to client guidelines? Do you maintain a front-end and/or back-end compliance system for client guideline monitoring? What compliance systems/tools are used?
55. Do you maintain an in-house Compliance Department?
56. Describe how your internal control procedures effectively prevent conflicts of interest in employee, proprietary, and client discretionary trading.

57. Describe how your organization communicates compliance and regulatory policies/procedures.

PART 5: CLIENT BASE AND SERVICES

58. What is the capacity for this product and how did you arrive at this amount?

59. Describe your expectations for soft and hard closes (\$ amounts, timeline, etc.).

60. Provide the following as of 3/31/18. *(Please note this information should match the data reported in the eVestment Alliance database.)*

	Firm		Product	
	Assets (\$mil)	# of Accounts	Assets (\$mil)	# of Accounts
Total Assets				
Total Institutional Assets				
Tax Exempt				
Taxable				
By Client Type				
Corporate				
Superannuation				
Public Fund				
Union/Multi-Employer				
Foundation & Endowment				
Health Care				
Insurance				
High Net Worth				
Wrap Accounts				
Sub-advised				
Supranational				
Sovereign Wealth Funds				
Other				

Mutual Fund				
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61. List your 10 largest clients in the **Product** in order of Assets under Management (AUM) with the following information as of 3/31/18. If you are unable to provide both client Name and AUM, PCA would prefer you provide AUM (and Client Type). **This information will be used to verify the minimum qualifications criteria.**

	Name	Client Type	Date Retained	AUM (\$mil)	US Tax Exempt Client (Yes or No)	Non US Tax Exempt (Yes or No)
1.						
2.						
3.						
4.						
5.						
6.						
7.						
8.						
9.						
10.						

62. Please provide the names, addresses, phone numbers, contacts, email addresses and 3/31/18 market values of the three largest US public pension plans (or most equivalent) for which you manage this Product. Please also secure permission from your clients to permit reference checking prior to submitting your proposal.
63. Complete the following tables indicating accounts and market value of assets gained and lost for each of the last four calendar years. Please provide reasons for each client loss, and for any meaningful changes in firm wide and/or product assets. (Please note this information should match the data reported in the eVestment Alliance database.)

Firm Wide

	2015		2016		2017		2018 (as of 3/31)	
	Gain	Loss	Gain	Loss	Gain	Loss	Gain	Loss
Total # of Accounts								
Total Assets Under Management								
# of Public Fund Accounts								
Public Fund Assets								

Product

	2015		2016		2017		2018 (as of 3/31)	
	Gain	Loss	Gain	Loss	Gain	Loss	Gain	Loss
Total # of Accounts								
Total Assets Under Management								
# of Public Fund Accounts								
Public Fund Assets								

64. Please provide the following product information for the last five calendar years or since inception if less than five years. Please provide reasons for any meaningful changes in total assets and/or clients.

Assets under Management (as of 3/31)

	2014	2015	2016	2017	2018
Total Firm-wide assets					
Total Firm-wide public fund assets					
Total Product assets					
# of Total firm-wide clients					
# of Public fund clients					
# of Product clients					

PART 6: PERFORMANCE / QUANTITATIVE CHARACTERISTICS

- 65. Provide monthly rates of return (one NET of fees and one GROSS of fees) since inception, ending March 31, 2018. Please submit this information to eVestment Alliance and submit an Excel spreadsheet as part of this RFI. Performance for each should be monthly, in chronological order, and in one column, with no spaces or separations for aggregation (such as each quarter or by calendar year). Label each column by specific (proper) name, vehicle type, and NET or GROSS of fees.
- 66. At what level of GIPS compliance are these reported? Include all performance-related disclosures regarding composites. GIPS composite reporting formats are encouraged.
- 67. Describe how you analyze and evaluate the performance of the product. Include a discussion of your performance attribution analysis and any models or tools used. How do you incorporate the results of the performance attribution analysis in the management of the product?
- 68. Provide performance attribution for your strategy over the latest three- and five-year periods ending 3/31/18.
- 69. Please provide the following portfolio characteristics for the last five calendar years. **For the cap ranges, sector allocations, and regional allocations tables, please provide information for your strategy and the Russell 1000 Index. (i.e., create another table for the benchmark)**

General Information on Portfolio (as of 3/31)

	2014	2015	2016	2017	2018
Active Share					
Number of underlying holdings					
Holdings Range					
Annual Turnover (by weight)					
Weighted Avg. Market Cap					
Median Market Cap					
Current Dividend Yield					
Current P/E (12-mo Trailing)					
Current P/B					
% in Cash					

% of Underlying Portfolio in Cap Range (as of 3/31)

	2014	2015	2016	2017	2018
> \$50 billion					
\$25-50 billion					
\$10-25 billion					
\$2-10 billion					
\$1-\$2 billion					
\$500 million - \$1 billion					
< \$500 million					

Sector Allocations (by percent held) (as of 3/31)

	2014	2015	2016	2017	2018
Consumer Discretionary					
Consumer Staples					
Energy					
Financials					
Healthcare					
Industrials					
Information Technology					
Materials					
Telecom Services					
Utilities					
Other					

Top Ten Holdings (include weighting) of Underlying Portfolio

	2014	2015	2016	2017	2018
1.					

2.					
3.					
4.					
5.					
6.					
7.					
8.					
9.					
10.					

PART 7: FEES

- 70. What is your standard fee schedule for all vehicles offered for this product? Include specific (or proper) names for each Product as delineated by vehicle. For each, indicate minimum asset size or fee requirements and any other differentiating factors.
- 71. What is your proposed fee schedule for this product if different than the standard schedule? (***This is the fee schedule that will be used for evaluation purposes.***)
- 72. Is your “proposed fee” schedule, as stated in the above question, negotiable?

PART 8: ENVIRONMENTAL, SOCIAL, AND GOVERNANCE (ESG) CONSIDERATIONS

- 73. Does your firm have a policy that incorporates Environmental, Social, and Governance (ESG) issues into the investment decision-making process?
- 74. Is your firm a signatory of the Global Sullivan Principles, UN Principles for Responsible Investment, or any other similar organization?
- 75. Does your firm allocate resources, including internal staff and/or external services, to review and evaluate sustainability reports of companies whose securities are held in client accounts and/or are potential investments?
- 76. Does your firm publish an annual sustainability report? If so, please provide an electronic copy.
- 77. What is your firm’s position on the investor perspective that ESG factors are risk factors that may have an impact on investment performance? Does your firm support the concept that companies may enhance value and long-term profitability by incorporating ESG factors into their strategic plans?

PART 9: OTHER

78. Do you maintain an in-house legal staff? If yes, describe its role, staff profile, and the number of employees assigned to the department. If not, list the names of the external firms you use.
79. Provide the name, address, and contact of your independent auditors or accounting firm. In addition, explain the nature of the services they provide to your firm.
80. Provide the copy of the latest ADV Part I and Part II, and SAS 70 / SSAE 16, if available, for the most recent year-end.
81. Does your firm have an internal audit department?
82. Describe proxy services offered by your firm and procedures followed. Discuss your company's ability to support the voting process. List any major voting services with which your institution has linkages (e.g., IDC, ISS, & IRRC). Does your firm automatically file for class actions on a client's behalf?
83. Describe trading systems and strategies you use.
84. Describe your process for reconciling client transactions. How often do you reconcile your records of client positions and position records maintained by client custodians? How often do you review cash positions in your client accounts?
85. Please outline your internal trading capabilities for this mandate:
 - a) Number and experience of trading staff
 - b) Current actual trading volume
 - c) Current capability for trading volume and asset levels
86. Do you have a Code of Ethics? Do you require all employees to follow it? How is it enforced?
87. List and describe any potential conflicts of interest your firm may have in the management of this mandate.
88. Provide a sample quarterly client report.
89. Provide a recent pitchbook and monthly/quarterly factsheet.
90. The information used in this search will be primarily obtained from this RFI and eVestment Alliance. While both sources cover a broad array of information, they may not necessarily cover all relevant topics and/or your firm may wish to disclose additional information. Therefore, please use this question to elaborate on any areas that you believe deserve additional attention.
91. Does your firm utilize/compensate one or more external placement agents in any of your institutional investment offerings? If so, please provide details on (i) how much assets and under what mandates the placement agent(s) was/were utilized and (ii) the compensation structure agreed upon between your firm and each placement agent.

92. Has your firm paid any unregistered third-parties such as placement agents to solicit government business?
93. Has your firm used a placement agent with this specific search? If so, please provide details on (i) name of the placement agent and (ii) the compensation structure agreed upon between your firm and the placement agent.
94. Does your firm (or any of your affiliates or subsidiary organizations) have any offices in the State of California? If so, please provide address and phone number.
95. Does your firm engage in any other kind of business in the State of California (currently or in the past 5 years)? If so, briefly describe the nature of such business and the time frames, if applicable.
96. Does your firm currently manage institutional investment portfolios for any clients whose principal business operations are located in California? If so, please provide the name of the firm, a contact person, and a phone number.
97. Has your firm, any employees of your firm, or any associate of your firm, made any campaign contribution to any incumbent elected officials, a candidate for an elected office, or a successful candidate for any elected office in the state of California in the last two-year period?
98. Has your firm, any employees of your firm, or any associate of your firm, coordinated or solicited any person or political action committee to make any campaign contribution to any incumbent elected officials, a candidate for an elected office, or a successful candidate for any elected office in the state of California in the last two-year period?



A G E N D A R E P O R T

TO: Oakland Police and Fire Retirement Board

FROM: Katano Kasaine

SUBJECT: Resolution No. 7011 - Resolution authorizing a professional service agreement with Parametric Portfolio Associates, LLC, to serve as investment manager of the Alternative Risk Premia Plan and the Trend Following Plan of the Crisis Risk Offset Investment Strategy for the Oakland Police and Fire Retirement System in a Comingled Fund at a fee rate not to exceed seventy-three basis points (73bp, or 0.73%) of the portfolio's assets value each year

DATE: April 16, 2018

BACKGROUND

Resolution No. 7011 would authorize a professional service agreement with Parametric Portfolio Associates, LLC to serve as investment manager of the Alternative Risk Premia and Trend Following Plan of the Crisis Risk Offset Investment Strategy for the Oakland Police and Fire Retirement System in a Comingled Fund at a fee rate not to exceed seventy-three basis points (73bp, or 0.73%) of the portfolio's assets value each year.

EXECUTIVE SUMMARY

At the March 28, 2018 PFRS Board meeting, the Board approved its Investment Committee's recommendation that a professional service agreement with Parametric Portfolio Associates, LLC to serve as investment manager of the Alternative Risk Premia and Trend Following Plan of the Crisis Risk Offset Investment Strategy for the Oakland Police and Fire Retirement System in a Comingled Fund at a fee rate not to exceed seventy-three basis points (73bp, or 0.73%) of the portfolio's assets value each year. The Investment Committee made this recommendation following each of three investment manager presentations.

Board of Administration, Oakland Police and Fire Retirement System

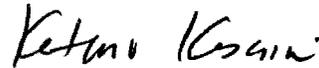
Subject: Resolution No. 7011 - Resolution authorizing a professional service agreement with Parametric Portfolio Associates, LLC, to serve as investment manager of the Alternative Risk Premia Plan and the Trend Following Plan of the Crisis Risk Offset Investment Strategy for the Oakland Police and Fire Retirement System in a Comingled Fund at a fee rate not to exceed seventy-three basis points (73bp, or 0.73%) of the portfolio's assets value each year

Date: April 16, 2018

Page 2

The Investment Committee evaluated each Investment Manager presentation and submitted its recommendation to the PFRS board for approval.

Respectfully submitted,



Katano Kasaine, Plan Administrator
Oakland Police and Fire Retirement System

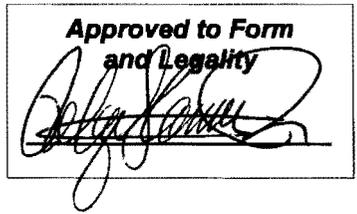
Attachment(1):

- 1. Resolution No. 7011 - Resolution authorizing a professional service agreement with Parametric Portfolio Associates, LLC, to serve as investment manager of the Alternative Risk Premia Plan and the Trend Following Plan of the Crisis Risk Offset Investment Strategy for the Oakland Police and Fire Retirement System in a Comingled Fund at a fee rate not to exceed seventy-three basis points (73bp, or 0.73%) of the portfolio's assets value each year*

ATTACHMENT 1

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

RESOLUTION No. 7011



ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

RESOLUTION AUTHORIZING A PROFESSIONAL SERVICE AGREEMENT WITH PARAMETRIC PORTFOLIO ASSOCIATES, LLC, TO SERVE AS INVESTMENT MANAGER OF THE ALTERNATIVE RISK PREMIA PLAN AND THE TREND FOLLOWING PLAN OF THE CRISIS RISK OFFSET INVESTMENT STRATEGY FOR THE OAKLAND POLICE AND FIRE RETIREMENT SYSTEM IN A COMINGLED FUND AT A FEE RATE NOT TO EXCEED SEVENTY-THREE BASIS POINTS (73BP, OR 0.73%) OF THE PORTFOLIO'S ASSETS VALUE EACH YEAR

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

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

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

WHEREAS, the Retirement System approved an update to the Fund's asset allocation by Resolution No. 6976, approved on June 28, 2017, and implemented an asset allocation of 10% to the Crisis Risk Offset investment strategy; and

WHEREAS, the Crisis Risk Offset investment strategy is comprised of three investment components: (1) the Alternative Risk Premia plan, (2) the Systematic Trend Following plan, and (3) the Long Duration Treasury plan; and

WHEREAS, consistent with the Board's fiduciary obligations, the PFRS Investment Consultant conducted a search for competent investment counsel for the alternative risk premia and trend following plans of the crisis risk offset investment strategy, evaluated various firms that submitted proposals to provide investment counsel to the Board and recommended top RFI finalists for the Board to interview; and

WHEREAS, on March 28, 2018, and based on the Board's interviews of the various firms that submitted proposals to the Board, the Board desires to engage the

Date: April 25, 2018

To: Oakland Police and Fire Retirement System (OPFRS)

From: Pension Consulting Alliance, LLC. (PCA)

CC: David Sancewich - PCA
 Sean Copus – PCA
 Teir Jenkins – OPFRS
 Katano Kasaine - OPFRS

RE: 2018 Preliminary Strategic Investment Agenda

On an ongoing basis, PCA and OPFRS staff will be updating the investment agenda for the remaining 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.

Ongoing 2018 Preliminary Investment Project Agenda

Expected Completion Date	Task
April 2018	<ul style="list-style-type: none"> • Flash Performance (1Q 2018) • Update: Defensive Equity search
May 2018	<ul style="list-style-type: none"> • Quarterly Performance Report (1Q 2018) • PCA Update memo on Reams • Investment Policy Update • TBD: Educational topic • Manager Update: Reams
June 2018	<ul style="list-style-type: none"> • Asset Allocation Review and Update • Finalist Recommendations: Defensive Equity • Manager Update: Earnest
July 2018	<ul style="list-style-type: none"> • Flash Performance Report (2Q2018) • Cash Flow Report (3Q 2018) • Finalist Interviews: Defensive Equity • TBD: Educational Topic
August 2018	<ul style="list-style-type: none"> • PCA Performance Report (2Q 2018) • Update: International Equity Search • Manager Update: Fisher

Expected Completion Date	Task
September 2018	<ul style="list-style-type: none"> • Flash Performance (1Q2018) • Investment Policy: Update and review • Asset Class Review: Domestic Equity • TBD: Educational Topic
October 2018	<ul style="list-style-type: none"> • Flash Performance Report (3Q 2018) • International Equity – Discussion memo • Cash Flow Report (2Q2018)
November 2018	<ul style="list-style-type: none"> • PCA Performance report (3Q2018) • Potential International Equity Interviews • Cash Flow Report (4Q2018) • Manager Update: Ramirez
December 2018	<ul style="list-style-type: none"> • TBD: Depends on meeting schedule

Bold are priority strategic items.

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

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

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

Oakland Police and Fire Retirement Board meetings are held in wheelchair accessible facilities. Contact Retirement Systems, 150 Frank Ogawa Plaza, Suite 3332 or call (510) 238-7295 for additional information.



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

AGENDA

RETIREMENT BOARD MEMBERS

Walter L. Johnson, Sr.
President

Jaime T. Godfrey
Vice President

Robert J. Muszar
Member

Steven Wilkinson
Member

Martin J. Melia
Member

John C. Speakman
Member

Christine Daniel
Member

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

Wednesday, April 25, 2018 – 11:30 am
One Frank H. Ogawa Plaza, Hearing Room 3
Oakland, California 94612

AMENDED

- - - ORDER OF BUSINESS - - -

- A. Subject: March 28, 2018 PFRS Board Meeting Minutes**
From: Staff of the PFRS Board
-
- Recommendation: APPROVE** March 28, 2018 PFRS Board meeting minutes.
- B. AUDIT AND OPERATIONS COMMITTEE AGENDA – APRIL 25, 2018**
- B1. Subject: Administrative Expenses Report**
From: Staff of the PFRS Board
-
- Recommendation: ACCEPT** an informational report regarding PFRS Administrative Expenses from July 1, 2017 through February 28, 2018.
- B2. Subject: Mid-cycle 2017-2019 PFRS Administrative Budget**
From: Staff of the PFRS Board
-
- Recommendation: APPROVE** the Mid-cycle 2017-2019 PFRS Administrative Budget.
- B3. Subject: City of Oakland Insurance for PFRS Board Members**
From: Staff of the PFRS Board
-
- Recommendation: ACCEPT** an informational report regarding City of Oakland Insurance for PFRS Board Members.
- B4. Subject: PFRS Rules and Regulations**
From: Staff of the PFRS Board
-
- Recommendation: APPROVE** the updated PFRS Rules and Regulations.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
REGULAR BOARD MEETING
MARCH 28, 2018

ORDER OF BUSINESS, continued

- B5. Subject:** PFRS Policy Governing the Overpayment or Underpayment of Member Benefits
From: Staff of the PFRS Board
-
- Recommendation:** **DISCUSSION** regarding PFRS Policy Governing the Overpayment or Underpayment of Member Benefits.
- B6. Subject:** Discussion regarding PFRS July 1, 2026 Actuary Funding Deadline
From: Staff of the PFRS Board
-
- Recommendation:** **DISCUSSION** regarding PFRS July 1, 2026 Actuary Funding Deadline.
- C. INVESTMENT & FINANCIAL MATTERS COMMITTEE AGENDA – APRIL 25, 2018**
- C1. Subject:** Investment Market Overview
From: Pension Consulting Alliance (PCA)
-
- Recommendation:** **ACCEPT** an informational report on the global investment markets through March 31, 2018.
- C2. Subject:** Preliminary Investment Fund Performance Report for the Quarter Ending March 31, 2018
From: Pension Consulting Alliance
-
- Recommendation:** **ACCEPT** a Preliminary Investment Fund Performance Report for the Quarter Ending March 31, 2018.
- C3. Subject:** Search for Defensive Equity Investment Manager for the Domestic Equity Portfolio of the PFRS Investment Fund
From: Staff of the PFRS Board and PCA
-
- Recommendation:** **APPROVE** the Request for Information (RFI) by PCA of the search for a Defensive Equity Investment Manager for the Domestic Equity Portfolio of the PFRS Investment Fund.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
 REGULAR BOARD MEETING
 MARCH 28, 2018**

ORDER OF BUSINESS, continued

C4. Subject: Resolution No. 7011 - Resolution authorizing a professional service agreement with Parametric Portfolio Associates, LLC, to serve as investment manager of the Alternative Risk Premia Plan and the Trend Following Plan of the Crisis Risk Offset Investment Strategy for the Oakland Police and Fire Retirement System in a Comingled Fund at a fee rate not to exceed seventy-three basis points (73bp, or 0.73%) of the portfolio's assets value each year

From: Pension Consulting Alliance (PCA)

Recommendation: **APPROVE** Resolution No. 7011 - Resolution authorizing a professional service agreement with Parametric Portfolio Associates, LLC, to serve as investment manager of the Alternative Risk Premia Plan and the Trend Following Plan of the Crisis Risk Offset Investment Strategy for the Oakland Police and Fire Retirement System in a Comingled Fund at a fee rate not to exceed seventy-three basis points (73bp, or 0.73%) of the portfolio's assets value each year.

D. Subject: Resolution No. 7010 - Resolution Approving The Revision And Restatement Of the Education and Travel Policy of the Oakland Police and Fire Retirement System

From: Staff of the PFRS Board

Recommendation: **APPROVE** Resolution No. 7010 - Resolution Approving The Revision And Restatement Of the Education and Travel Policy of the Oakland Police and Fire Retirement System.

E. Subject: Member Resolution(s) No. 7008 & 7012

From: Staff of the PFRS Board

Recommendation: **APPROVE** Member Resolution(s) No. 7008 & 7012

E1. Resolution No. 7008	Resolution fixing the monthly allowance of Laurie K. Davis, spouse of Lawrence Davis, and Doraya Goeppert, spouse of Howard G. Goeppert, retired members of the Police and Fire Retirement System
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E2. Resolution No. 7012	Resolution fixing the monthly allowance of Barbara A. Barrieau, spouse of Richard J. Barrieau, Jr. a member of the Police and Fire Retirement System
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F. NEW BUSINESS – No Report.

G. OPEN FORUM

H. FUTURE SCHEDULING

A BOARD MEETING of the Oakland Police and Fire Retirement System (“PFRS”) was held on March 28, 2018 in Hearing Room 3, One Frank Ogawa Plaza, Oakland, California.

Board Members Present:

- Walter L. Johnson, President
- Jaime T. Godfrey, Vice President
- John C. Speakman, Member
- Robert J. Muszar, Member
- Christine Daniel, Member
- Martin J. Melia, Member
- R. Steven Wilkinson, Member

Additional Attendees:

- Katano Kasaine, Plan Administrator
- Pelayo Llamas, Jr., PFRS Legal Counsel
- David Low & Teir Jenkins, Staff Member
- David Sancewich, Pension Consulting Alliance (PCA)

The meeting was called to order at 1:35 pm.

A. Closed Session – The PFRS Board convened a Closed session at 1:35 pm. There were no public speakers.

Member Speakman departed the PFRS Board meeting at 2:02 pm following the conclusion of Closed session.

B. Report of PFRS Board action from closed session – The PFRS Board resumed its Regular Board meeting at 2:02 pm. President Johnson reported no action by the PFRS board from the Closed Session meeting of the PFRS Board.

C. Approval of PFRS Board Meeting Minutes – Member Melia made a motion to approve the February 28, 2018 PFRS Board meeting minutes, second by Member Daniel. Motion Passed.

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

D. PFRS AUDIT COMMITTEE MEETING – MARCH 28, 2018

D1. Actuary Valuation of the PFRS Fund as of July 1, 2017 –Tim Doyle from Cheiron, Inc., the PFRS Plan Actuary, presented the Actuary Valuation Report of the PFRS Plan as of July 1, 2017. Member Daniel made a motion to approve the Actuary Valuation of the PFRS Fund as of July 1, 2017, second by member Muszar. Motion passed.

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

D2. Administrative Expenses Report – Investment Officer Teir Jenkins presented the administrative expenses report from July 1, 2017 through January 31, 2018. Member Daniel made a motion to accept the report from July 1, 2017 through January 31, 2018, second by member Muszar. Motion passed.

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

D3. Revision to the PFRS Education and Travel Policy – Member Daniel reported that the Audit Committee concluded its edit and review of the PFRS Education and Travel Policy and would submit a final draft for Board review and approval of the PFRS Education and Travel Policy at the April 2018 PFRS Board meeting.

D4. Review of PFRS Rules and Regulations – Member Daniel reported that the Audit Committee continues to edit and review the PFRS Rules and Regulations. She reported that Member Muszar wished to discuss issues related to member hearings with consideration to its possible addition to the Rules and Regulations. Member Daniel reported that staff was directed by the committee to present an updated draft of the PFRS Rules and Regulations to the next PFRS Audit Committee which includes all edits to date and that the Audit Committee would continue discussion on the revision of the PFR Rules and Regulations at its April 2018 meeting.

D5. PFRS July 1, 2026 Actuary Funding Deadline – Member Daniel reported that the Audit Committee discussed options to address Charter section 2619(6), which, in part, states “The City contributions made periodically during the year shall be such as when added to member contributions will actuarial fund all liabilities for all members prior to July 1, 1976, by July 1, 2026”. She reported that the audit committee directed Plan Administrator Katano Kasaine to reach out to the City Administrator’s office to request the City Administrator organize a group to begin a study to address the effects of the PFRS July 1, 2026 Actuary Funding Deadline.

D6. Resolution No. 7009 - Travel authorization for PFRS Board Member Jaime Godfrey – Member Daniel made a motion to approve Resolution No. 7009 – Travel authorization for PFRS Board Member Jaime Godfrey to travel to and attend the 2018 IMN Global Indexing and ETF Conference (“IMN Conference”) from June 26, 2018 to June 28, 2018 in Dana Point, CA with an estimated budget of One Thousand Nine Hundred Eighty-two Dollars (\$1,982.00), second by member Muszar. Motion passed.

[DANIEL – Y / GODFREY – ABSTAIN / JOHNSON – Y / MELIA – Y / MUSZAR – Y / SPEAKMAN – ABSENT / WILKINSON – Y]
(AYES: 5 / NOES: 0 / ABSTAIN: 1)

E. PFRS INVESTMENT COMMITTEE MEETING – MARCH 28, 2018

E1. Review of Alternative Risk Premia/Trend section of Crisis-Risk Offset Strategy, (2) Interview and Selection of New Alternative Risk Premia/Trend Manager – Member Godfrey reported the review by David Sancewich of Pension Consulting Alliance (PCA) of the Crisis-Risk Offset Investment Strategy in relation to the hiring of the Alternative Risk Premia/Trend component of this strategy. Member Godfrey reported that the Investment Committee heard presentations from AQR, Lombard Odier and Parametric regarding their implementation strategies for the PFRS Investment Plan. Following discussion, member Godfrey made a motion to (1) accept the review of the Alternative Risk Premia/Trend section of the Crisis-Risk Offset Strategy, (2) accept the interviews of the Investment Managers and (3) approve the hiring of Parametric as the new Alternative Risk Premia/Trend Manager, second by member Melia. Motion passed.

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

E2. Resolution No. 7007 – Authorization for Service Agreement with Northern Trust Investments for Large-Cap Core Domestic Equity Class Manager – David Sancewich reported the reasons leading up to the request to change the investment vehicle managed by Northern Trust Investment, a large cap core domestic equity asset class investment manager, from a separate fund into a comingled lending fund. Member Godfrey made a motion to approve Resolution No. 7007 – Authorization for Service Agreement with Northern Trust Investments (large-cap core domestic equity asset class manager) using a comingled lending fund, second by member Melia. Motion passed.

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

E3. \$14.2 million 2nd Quarter 2018 Member Benefits Drawdown – David Sancewich from PCA presented the report showing the \$14.2 million drawdown for the 2nd quarter 2018 member benefits drawdown. Following committee discussion, member Godfrey made a motion to approve the \$14.2 million 2nd Quarter 2018 Member Benefits Drawdown, second by member Melia. Motion passed.

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

E4. Investment Market Overview – Mr. Sancewich reported on global economic factors affecting the Investment Fund. Member Godfrey made a motion to accept the informational report from PCA, second by member Daniel. Motion passed.

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

F. NEW BUSINESS – No Report.

G. OPEN FORUM – No Report.

H. FUTURE SCHEDULING – The next PFRS Board meeting was scheduled for Wednesday April 25, 2018.

The meeting adjourned at 2:24 pm.

KATANO KASAINI, BOARD SECRETARY

DATE

DRAFT



AGENDA REPORT

TO: Oakland Police and Fire
Retirement Board

FROM: Katano Kasaine

SUBJECT: Resolution No. 7010 - Resolution
Approving the Revision and Restatement
of the Education and Travel Policy of the
Oakland Police and Fire Retirement
System

DATE: April 16, 2018

RECOMMENDATION

The Staff of the PFRS Board Presents the Resolution No. 7010 – Resolution Approving the Revision and Restatement of the Education and Travel Policy of the Oakland Police and Fire Retirement System.

SUMMARY

The Retirement Board of the Oakland Police and Fire Retirement System approved the last PFRS Travel Policy on March 1, 2013. The Audit Committee of the PFRS Board has recently reviewed the travel and education policies of other public retirement systems and have drafted an update to the current PFRS Travel Policy for review and discussion by the PFRS board.

At the November 29, 2017 Board meeting, the Audit Committee made a motion to deliver to each Board member the current draft version of the Education and Travel Policy so they can add comments. At the February 28, 2018 Audit Committee meeting, the Audit Committee worked with staff to review the Board recommendations and added approved edits to the working draft of the Education and Travel Policy. At the March 28, 2018 Audit Committee meeting, the Audit Committee completed its editing and review and made a motion to submit the completed Education and Travel Policy to the PFRS Board for approval at its April 2018 Board meeting.

Respectfully submitted,

Katano Kasaine, Plan Administrator
Oakland Police and Fire Retirement System

Attachment(2):

1. Draft version of Education & Travel Policy
2. Resolution No. 7010 – Resolution Approving the Revision and Restatement of the Education and Travel Policy of the Oakland Police and Fire Retirement System

Agenda Item D
PFRS Board Meeting
April 25, 2018

ATTACHMENT 1

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

EDUCATION AND TRAVEL POLICY

I. INTRODUCTION

- 1) The Retirement Board of the Oakland Police and Fire Retirement System (the "Board") recognizes and affirms its constitutional and statutory fiduciary duty to prudently administer the retirement system for the exclusive benefit of PFRS members and their beneficiaries as set forth below:
 - a) "[T]he retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system..." Cal. Const. Art. XVI, § 17
 - b) "Except as otherwise expressly restricted by the California Constitution and by law, the board may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the board." Cal. Gov. Code § 31595(a)
 - c) "The board and its officers and employees shall discharge their duties with respect to the system...(b) [w]ith the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims." Cal. Gov. Code § 31595(b)
- 2) The Board recognizes the need to reimburse Trustees and authorized staff for travel and other expenses reasonably and necessarily incurred while participating in educational programs, conducting due diligence, and other activities on behalf of the retirement system. These expenses are legitimate expenses of the retirement system. The Board adopts this Policy and the accompanying Preapproved Travel Expense Reimbursement Schedule (Exhibit A) to facilitate reimbursement of qualifying travel expenses.

II. PURPOSE

- 1) The objectives of this PFRS Education and Travel Policy are:
 - a) To ensure all Trustees gain the knowledge necessary to carry out their fiduciary responsibilities.
 - b) To ensure access to relevant information is made available to all Trustees.
 - c) To ensure Trustees possess shared knowledge relevant to pension administration and the investment of trust assets, to enable effective group discussion, debate, and decision-making.
 - d) To enable each Trustee to achieve and maintain proficiency in the conduct of PFRS business by educating themselves in matters central to the prudent administration of the retirement system and the investment of retirement funds.
 - e) To set forth the guidelines by which PFRS will reimburse Trustees, the Retirement Administrator, and staff for qualifying travel expenditures.
 - f) To ensure that travel expenditures incurred are prudent and cost effective, and to mitigate the risk of any impropriety (whether perceived or actual) that could arise from retirement system and/or PFRS business-related travel.
 - g) To encourage the continued education of the PFRS Board and staff.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM EDUCATION AND TRAVEL POLICY

- 2) In order to keep pace with the continued growth and diversification of the retirement fund as well as the increasing complexity of financial and investment management systems, Board members are required to have ongoing training regarding (but not limited to):
 - a) Fiduciary Responsibility;
 - b) Pertinent Pension/Retirement Law and Standards;
 - c) Equity and Security Investing;
 - d) International Investing;
 - e) Asset Allocation; and
 - f) Pension Funding.

III. SCOPE

This policy shall apply to:

- 1) The members serving on the PFRS Board of Administration, also referred to as “Board Members” or “Trustees”,
- 2) The Secretary of the PFRS Board,
- 3) The Plan Administrator,
- 4) The staff assigned to provide administrative support to the Board.

IV. EDUCATION AND TRAVEL POLICY

- 1) General Provisions
 - a) The Audit and Operations Committee of the PFRS Board will review and make recommendations regarding all travel and education reimbursement requests to the PFRS Board. The PFRS Board may act independently of the Committee if the Audit Committee does not meet.
 - b) Board members who attend educational programs and travel in their official Board capacity shall be reimbursed for their actual and necessary expenses for event registration, transportation, parking, tolls and other reasonable incidental costs. “Actual and necessary expense” does not include alcoholic beverages nor does it include expenses incurred by a travel companion.
 - c) All travel shall be reviewed by the Audit and Operations Committee and approved in advance of travel by the Board, except as described below. Membership in an organization is not of itself, a basis for travel authorization.
 - d) Travel by multiple Trustees shall be conducted in such a manner as to not violate provisions of the Brown Act (Cal. Gov. Code § 54950 et seq.) or Oakland Sunshine Ordinance (Oakland City Council Resolution No. 12483 C.M.S.).
 - e) Travel by the Plan Administrator and the staff assigned to provide administrative support to the Board are additionally subject to the travel policy of the City of Oakland for any relevant travel associated with the PFRS system.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM EDUCATION AND TRAVEL POLICY

2) Approval

- a) Reimbursement of education and travel-related expenses for a Trustee or staff members to attend an educational program, conduct a due diligence site examination, or conduct other PFRS-related business requires the prior review by the Audit and Operations Committee and the approval of the Board.
- b) PFRS staff will include the education/travel request as an Audit and Operations Committee agenda item, noting the Board member(s) and staff who will be traveling, the purpose of the travel, and the date(s) of the travel. Any PFRS board approval shall be accomplished by resolution.
- c) The Board President, in consultation with the Plan Administrator, may authorize education or travel without prior approval of the Board in circumstances when Board approval cannot be obtained in advance and subject to the limitations in this Policy. Staff will place the expense request and authorization on the next regularly scheduled Board and Committee meeting for ratification.
- d) The Plan Administrator may approve payment of budgeted education and travel claims that do not exceed \$1,000 per item, not specifically covered by the provisions of this policy, provided the Plan Administrator determines such expenses are/were necessary in connection with official business of the Board and staff.
- e) City staff will process the approved Board education/travel by submitting assembled invoices and reimbursement requests (if any) related to Board travel to the City of Oakland, Controller Bureau.

3) Limitation on Attendance

- a) Trustees are encouraged to seek education that will further the purpose of this Policy. A Trustee may attend additional Board approved educational programs requiring overnight lodging, subject to the criteria of this Policy. The Board, at its sole discretion, may limit Trustee attendance up to the Trustee's annual Travel Expense (not to exceed \$7,500 per fiscal year).

4) Travel and Education Expense Allocation Budget

- a) The travel and education allowance for the PFRS Board and Staff will be budgeted and adopted annually during the Board's budget process.
- b) Prior to the start of the upcoming fiscal year beginning July 1, the Board will establish an education and travel allowance of up to \$7,500.00 for each Board member. These allowances shall not be exceeded without prior Board approval. However, the Board may pre-authorize expenses associated with education/travel for a Board member whose expenses are expected to exceed \$7,500.00 if, prior to the education program or travel, a cost estimate is submitted for the Board's review and the Board determines the expenses are necessary and are in connection with official Board business.
- c) The Travel Allowance for the Staff of the PFRS board will be budgeted and adopted annually during the Board's budget process. The Board will establish the next fiscal year travel allowance and education allowance prior to the start of the next fiscal year beginning July 1.
- d) Staff members whose local bargaining unit has provisions for tuition reimbursement related to professional development shall have budget allocated from the PFRS fund. The Staff Education Allowance shall only apply to tuition and/or registration fees related to class enrollment and textbooks related to enrolled classes. The Staff Education Allowance shall be

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM EDUCATION AND TRAVEL POLICY

administered and budgeted separately from the Annual Board and Staff Travel Expense Allowance. The Staff tuition reimbursement requests and authorization related to the Staff Education Allowance shall be administered by the Plan Administrator.

- 5) Expenses other than Pre-approved Expenses
 - a) The Board shall approve, by the affirmative vote of four members, any travel, education, and other expenses at its discretion. Board decisions are final and denial of travel made by the Board cannot be appealed.
- 6) Requests for Reimbursement
 - a) Reimbursement for education or travel by an attendee shall be submitted on the Travel Authorization form. All such forms will be reviewed and approved (or disapproved) in accordance with the provisions of this Policy. All requests for reimbursement shall be submitted within fifteen (15) days following conclusion of event and/or return to Oakland, whichever is first.
 - b) Reimbursements or advances in excess of allowable expenses must be returned to PFRS within thirty (30) days after the excess amounts become evident.
- 7) Gifts
 - a) When traveling on official PFRS due diligence business travel, PFRS's trustees, officers, or employees shall not accept payment or gifts of travel or lodging from any person or entity (also, see Honoraria).
 - b) Food and beverages provided during the normal course of the day, as part of due diligence business travel, may be accepted, provided such food and beverages are uniformly offered to all attendees.
- 8) Honoraria
 - a) Board members and staff are not permitted to accept honoraria from event sponsors or investment managers in any form for any event included with any request for travel authorization and/or expense reimbursement.
- 9) Cash Advances
 - a) Cash advances will not be allowed unless specifically approved by the Board.
- 10) Expenses for Traveling Companions
 - a) Expenses of family members and/or traveling companions are not reimbursable by PFRS.
- 11) Limitations on Expense Allowance
 - a) Reimbursement for expenses shall not exceed that which is reasonable and necessary for travel to the precise destination and date of the covered occurrence, whether by private automobile, rental vehicle or common carrier. Expense costs for extra days prior to or after a conference will be reimbursed only if such extension results in lower overall trip costs or is necessitated by the conference schedule or available flights. Such cost(s) cannot push travel costs beyond any members' overall annual travel budget allowance.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM EDUCATION AND TRAVEL POLICY

12) Travel and Lodging Cancellations

- a) Trustees are responsible for the timely cancellation of registration fees, as well as travel and lodging reservations made on their behalf that will not be used, so that PFRS will incur no unnecessary expense. Should the Board determine that a Trustee has consistently failed to timely cancel travel, the Board may require a Trustee to personally pay any fees caused by their failure to timely cancel travel.

13) Travel Arrangements

- a) All travel arrangements for which reimbursement is or will be sought shall be coordinated with the office of the Plan Administrator. Staff will process and pay the registration fee for an event (if any) and apply the cost of registration toward the members' annual travel expense allowance.
- b) Travel requests shall be submitted to the Plan Administrator prior to travel and shall include supporting information such as: program announcements, schedules, meeting dates, and an estimate of costs.
- c) The Plan Administrator or designee will assist the Board with travel arrangements when necessary, including arranging for event registration .

14) Travel By Privately-Owned Vehicles

- a) Board members, who use their privately owned vehicles for official travel within a 150-mile radius of point of origin, will be reimbursed at the Federal mileage rate. For trips exceeding a 150-mile radius of point of origin, Board members will be reimbursed at the established full coach round trip, unrestricted airfare (as of the date of the claim).
- b) Point of origin shall refer to the residence of the Board member.

15) Travel By Common Carrier

- a) When the carrier provides transportation by more than one class of service, the full coach or economy class fare on a major airline must be used. Any costs over and above coach or economy class shall be considered personal, non-reimbursable expenses of the traveler. Whenever possible, the Oakland Airport should be used for air travel. Original receipts and the travel itinerary are required for reimbursement of airfare. Airfare purchased using "frequent flyer miles" will not be reimbursed.

16) Rental Car

- a) The use of a rental car is allowed, provided its use is the most economical and practical means of travel. Original receipts are required for rental car reimbursement (including receipts for tolls, fuel, etc.).

17) Overnight Lodging

- a) The Plan Administrator will be responsible for payment of lodging invoices. Conference discount rates are to be used if offered. Travelers may make independent reservations at a non-conference associated hotel, under unusual circumstances, and are expected to stay in reasonable economical accommodations. A receipt is required for reimbursement of lodging costs.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM EDUCATION AND TRAVEL POLICY

18) Per Diem

- a) The current Federal per diem rate is used to cover the cost of three meals plus tips. There are no restrictions on how the meal per diem will be divided. Receipts are not necessary, since the Federal daily rate is the maximum allowable rate. If the conference registration fee includes meals, then the per diem will be reduced according to the current Federal per diem rate.
- b) The current Federal per diem rate is found at: <https://www.qsa.gov/travel/plan-book/per-diem-rates>

19) Meals

- a) For any full day out-of-city travel, the costs of meals and tips may be reimbursed at the current daily Federal per diem rate [see Section IV(18)(b)] without regard to how much is spent on individual meals (i.e., breakfast, lunch, dinner, snacks) and without receipts, subject to the following limitations:
 - i. If a Board member is on travel status for less than a full day, costs may be reimbursed for individual meals occurring within the travel time, using the per diem rates [see Section IV(18)(b)].
 - ii. Meals that are included in a meeting, conference and/or registration fee will be deducted from the per diem rates [see Section IV(18)(b)].
 - iii. Meals may be reimbursed without regard to the duration of travel. Breakfast may be reimbursed even if a board member's travel consists of less than two hours in duration. Dinners may be reimbursed even if travel consists of less than two hours duration.

20) Other Expenses

- a) Other reasonable and necessary expenses such as parking, transportation to and from the airport (shuttle, taxi, etc.), will be reimbursed when a receipt is submitted with the Travel Expense Voucher reimbursement claim. For expenses where receipts are not customarily issued, (i.e. BART, bus fare, tips), reasonableness of the expense shall be approved by the Plan Administrator.
- b) Board members who travel on a non per-diem basis must submit receipts for all expenses incurred. If a member chooses not to utilize per diem, reimbursement will be based on the submission of individual itemized receipts (i.e. 1 coffee, 1 salad, 1 sandwich, etc.) Alcoholic beverages charges and charges incurred by a travel companion will not be reimbursed.

21) Expense Submission

- a) Travel Expenses for reimbursement are due within fifteen (15) days of return from a trip. The Plan Administrator may request further justification and documentation and may deny cost claims that are not considered eligible.

22) Cancellations

- a) It is the Board member's responsibility to cancel reservations when travel plans are altered or canceled and refund the Board for all previously advanced expenses. Charges or loss of refunds resulting from failure to cancel reservations will not be reimbursed except when cancellation was not feasible.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
EDUCATION AND TRAVEL POLICY**

23) Update of Education and Travel Policy

- a) The PFRS Education and Travel Policy will be reviewed by the PFRS Board as needed but no less than three years from the previous approval date.

The Education and Travel Policy of the Oakland Police and Fire Retirement System have been approved by vote of the Board of Administration, effective _____.

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

KATANO KASAINÉ
PLAN ADMINISTRATOR & BOARD SECRETARY
POLICE AND FIRE RETIREMENT SYSTEM BOARD

DRAFT

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM EDUCATION AND TRAVEL POLICY

APPENDIX A – PROCEDURE: Travel Request, Authorization and Reimbursement

The PFRS Board has final approval authority regarding travel authorization and expense reimbursement for Board or staff travel for conferences and educational seminars related to the function of PFRS. Such requests and authorization is reviewed and acted upon by the Board at their Board meetings.

Board members are asked to submit their travel requests to staff no later than fourteen (14) calendar days before the next PFRS Board meeting in order to add the travel request to the upcoming board meeting agenda. Travel requests received after this 14-day window will be added to the next available Board meeting agenda.

Procedures for a travel request, travel authorization and reimbursement for travel expenses are detailed below:

1. Inform PFRS staff of intent to request travel authorization and reimbursement for an event. All reservations which can be made immediately are suggested to be made if full reimbursement can be arranged in the event of the denial of travel request.
2. Staff will create a file for this travel event, which will include the following items:
 - a. **Agenda Report** summarizing travel request (signed by Plan Administrator). This report will be submitted for Board approval at the next available Board meeting.
 - b. **PFRS Board Resolution** detailing the travel request (approved to form and legality by the PFRS Legal Counsel).
 - c. **Event Agenda**. This document must identify the event name, date, location and schedule of events.
 - d. **Travel Authorization Form** (complete; signed by Plan Administrator). The estimated travel expenses will be detailed in this document and will be signed by the Plan Administrator.
 - e. **Travel Expense Voucher** (completed following return from travel event, signed by traveler and Plan Administrator).
 - f. **Travel Reimbursement Summary** (completed by staff). The reimbursement check and itemized travel reimbursement expenses are presented to the traveler.
 - g. All event receipts.

Items A – C above shall be submitted for PFRS Board approval. No education or travel will be approved without Board review and approval.

Exception I: A request for travel authorization and reimbursement that occurs after the 14 calendar day window for submission to the next PFRS Board agenda may be allowed if a request is made and authorized by the PFRS Board President. If the Board President authorizes the travel request for the Board agenda, and there is no violation of the Brown Act or Oakland Sunshine Ordinance, the travel request will be added to the current PFRS Board agenda for review and possible approval. This executive permission will be noted on the agenda report submitted to the Board for approval.

3. Staff will generate and submit at the next available PFRS Audit Committee an Agenda Report and PFRS Resolution requesting authorization for education and travel and reimbursement for the requested event. Staff will estimate the cost for the travel event.
4. The Audit Committee will approve or deny the recommendation for Board approval of the education/travel request. If approved, the Board shall review the travel request and approve, deny or amend it.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
EDUCATION AND TRAVEL POLICY**

5. Upon approval, staff will process registration for the event, including any registration fees. Traveler will be responsible to arrange all other related travel actions for this travel event, including airfare, lodging, other related travel expenses involved in traveling to, and returning from, the event. Traveler will need to submit all original receipts to staff upon return from event travel. If receipts are not available, traveler must complete a Lost Receipt form which attests to the loss or unavailability of obtaining a receipt for reimbursement. No reimbursement for expenses can be made without original receipts or signed affidavit.
6. Upon receiving all receipts following conclusion of event travel, staff will provide the traveler with the expense voucher, which itemizes the travel expenses from the traveler's submitted receipts. The traveler will be required to sign the expense voucher agreeing to its accuracy. Staff will review the signed expense voucher with the Plan Administrator. Upon Plan Administrator approval, staff will take submit the expense voucher to the City of Oakland Controllers department for review and disbursement. If the controller's office has any questions about the submitted expense voucher, they will contact staff before enacting any changes to the reimbursement amount. Following this review, a reimbursement check will be made to the traveler and delivered to staff.

DRAFT

ATTACHMENT 2

RESOLUTION No. 7010

ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

**RESOLUTION APPROVING THE EDUCATION AND TRAVEL POLICY
OF THE OAKLAND POLICE AND FIRE RETIREMENT SYSTEM**

WHEREAS, pursuant to the Oakland City Charter Section 2601(e), “The Board shall possess power to make all necessary rules and regulations for its guidance and shall have exclusive control of the administration ... established for the maintenance and operation of the system, ...”; and

WHEREAS, The Board approved its current travel policy at it February 27, 2013 Board meeting by order of the PFRS Board; and

WHEREAS, The PFRS Audit Committee recently completed a review and revision of the current travel policy; Now, therefore, be it

RESOLVED: That the PFRS Travel Policy be renamed the PFRS Education and Travel Policy; and be it

FURTHER RESOLVED: That the PFRS Education and Travel Policy is submitted here for Board Approval, as follows:

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
EDUCATION AND TRAVEL POLICY**

I. INTRODUCTION

- 1) The Retirement Board of the Oakland Police and Fire Retirement System (the “Board”) recognizes and affirms its constitutional and statutory fiduciary duty to prudently administer the retirement system for the exclusive benefit of PFRS members and their beneficiaries as set forth below:
 - a) “[T]he retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system...” Cal. Const. Art. XVI, § 17
 - b) “Except as otherwise expressly restricted by the California Constitution and by law, the board may, in its discretion, invest, or delegate the authority to invest, the assets of the fund through the purchase, holding, or sale of any form or type of investment, financial instrument, or financial transaction when prudent in the informed opinion of the board.” Cal. Gov. Code § 31595(a)
 - c) “The board and its officers and employees shall discharge their duties with respect to the system...(b) [w]ith the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent person acting in a like capacity and familiar with these matters would use in the conduct of an enterprise of a like character and with like aims.” Cal. Gov. Code § 31595(b)
- 2) The Board recognizes the need to reimburse Trustees and authorized staff for travel and other expenses reasonably and necessarily incurred while participating in educational programs, conducting due diligence, and other activities on behalf of the retirement system. These expenses are legitimate expenses of the retirement system. The Board adopts this Policy and the

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

accompanying Preapproved Travel Expense Reimbursement Schedule (Exhibit A) to facilitate reimbursement of qualifying travel expenses.

II. PURPOSE

- 1) The objectives of this PFRS Education and Travel Policy are:
 - a) To ensure all Trustees gain the knowledge necessary to carry out their fiduciary responsibilities.
 - b) To ensure access to relevant information is made available to all Trustees.
 - c) To ensure Trustees possess shared knowledge relevant to pension administration and the investment of trust assets, to enable effective group discussion, debate, and decision-making.
 - d) To enable each Trustee to achieve and maintain proficiency in the conduct of PFRS business by educating themselves in matters central to the prudent administration of the retirement system and the investment of retirement funds.
 - e) To set forth the guidelines by which PFRS will reimburse Trustees, the Retirement Administrator, and staff for qualifying travel expenditures.
 - f) To ensure that travel expenditures incurred are prudent and cost effective, and to mitigate the risk of any impropriety (whether perceived or actual) that could arise from retirement system and/or PFRS business-related travel.
 - g) To encourage the continued education of the PFRS Board and staff.
- 2) In order to keep pace with the continued growth and diversification of the retirement fund as well as the increasing complexity of financial and investment management systems, Board members are required to have ongoing training regarding (but not limited to):
 - a) Fiduciary Responsibility;
 - b) Pertinent Pension/Retirement Law and Standards;
 - c) Equity and Security Investing;
 - d) International Investing;
 - e) Asset Allocation; and
 - f) Pension Funding.

III. Scope

This policy shall apply to:

- 1) The members serving on the PFRS Board of Administration, also referred to as "Board Members" or "Trustees",
- 2) The Secretary of the PFRS Board,
- 3) The Plan Administrator,
- 4) The staff assigned to provide administrative support to the Board.

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

IV. EDUCATION AND TRAVEL POLICY

1) General Provisions

- a) The Audit and Operations Committee of the PFRS Board will review and make recommendations regarding all travel and education reimbursement requests to the PFRS Board. The PFRS Board may act independently of the Committee if the Audit Committee does not meet.
- b) Board members who attend educational programs and travel in their official Board capacity shall be reimbursed for their actual and necessary expenses for event registration, transportation, parking, tolls and other reasonable incidental costs. "Actual and necessary expense" does not include alcoholic beverages nor does it include expenses incurred by a travel companion.
- c) All travel shall be reviewed by the Audit and Operations Committee and approved in advance of travel by the Board, except as described below. Membership in an organization is not of itself, a basis for travel authorization.
- d) Travel by multiple Trustees shall be conducted in such a manner as to not violate provisions of the Brown Act (Cal. Gov. Code § 54950 et seq.) or Oakland Sunshine Ordinance (Oakland City Council Resolution No. 12483 C.M.S.).
- e) Travel by the Plan Administrator and the staff assigned to provide administrative support to the Board are additionally subject to the education and travel policy of the City of Oakland for any relevant travel associated with the PFRS system.

2) Approval

- a) Reimbursement of education and travel-related expenses for a Trustee or staff members to attend an educational program, conduct a due diligence site examination, or conduct other PFRS-related business requires the prior review by the Audit and Operations Committee and the approval of the Board.
- b) PFRS staff will include the education/travel request as an Audit and Operations Committee agenda item, noting the Board member(s) and staff who will be traveling, the purpose of the travel, and the date(s) of the travel. Any PFRS board approval shall be accomplished by resolution.
- c) The Board President, in consultation with the Plan Administrator, may authorize education or travel without prior approval of the Board in circumstances when Board approval cannot be obtained in advance and subject to the limitations in this Policy. Staff will place the expense request and authorization on the next regularly scheduled Board and Committee meeting for ratification.
- d) The Plan Administrator may approve payment of budgeted education and travel claims that do not exceed \$1,000 per item, not specifically covered by the provisions of this policy, provided the Plan Administrator determines such expenses are/were necessary in connection with official business of the Board and staff.
- e) City staff will process the approved Board education/travel by submitting assembled invoices and reimbursement requests (if any) related to Board travel to the City of Oakland, Controller Bureau.

3) Limitation on Attendance

OAKLAND POLICE AND FIRE RETIREMENT BOARD

CITY OF OAKLAND, CALIFORNIA

- a) Trustees are encouraged to seek education that will further the purpose of this Policy. A Trustee may attend additional Board approved educational programs requiring overnight lodging, subject to the criteria of this Policy. The Board, at its sole discretion, may limit Trustee attendance up to the Trustee's annual Travel Expense (not to exceed \$7,500 per fiscal year).
- 4) Travel and Education Expense Allocation Budget
 - a) The travel and education allowance for the PFRS Board and Staff will be budgeted and adopted annually during the Board's budget process.
 - b) Prior to the start of the upcoming fiscal year beginning July 1, the Board will establish an education and travel allowance of up to \$7,500.00 for each Board member. These allowances shall not be exceeded without prior Board approval. However, the Board may pre-authorize expenses associated with education/travel for a Board member whose expenses are expected to exceed \$7,500.00 if, prior to the education program or travel, a cost estimate is submitted for the Board's review and the Board determines the expenses are necessary and are in connection with official Board business.
 - c) The Travel Allowance for the Staff of the PFRS board will be budgeted and adopted annually during the Board's budget process. The Board will establish the next fiscal year travel allowance and education allowance prior to the start of the next fiscal year beginning July 1.
 - d) Staff members whose local bargaining unit has provisions for tuition reimbursement related to professional development shall have budget allocated from the PFRS fund. The Staff Education Allowance shall only apply to tuition and/or registration fees related to class enrollment and textbooks related to enrolled classes. The Staff Education Allowance shall be administered and budgeted separately from the Annual Board and Staff Travel Expense Allowance. The Staff tuition reimbursement requests and authorization related to the Staff Education Allowance shall be administered by the Plan Administrator.
- 5) Expenses other than Pre-approved Expenses
 - a) The Board shall approve, by the affirmative vote of four members, any travel, education, and other expenses at its discretion. Board decisions are final and denial of travel made by the Board cannot be appealed.
- 6) Requests for Reimbursement
 - a) Reimbursement for education or travel by an attendee shall be submitted on the Travel Authorization form. All such forms will be reviewed and approved (or disapproved) in accordance with the provisions of this Policy. All requests for reimbursement shall be submitted within fifteen (15) days following conclusion of event and/or return to Oakland, whichever is first.
 - b) Reimbursements or advances in excess of allowable expenses must be returned to PFRS within thirty (30) days after the excess amounts become evident.
- 7) Gifts
 - a) When traveling on official PFRS due diligence business travel, PFRS's trustees, officers, or employees shall not accept payment or gifts of travel or lodging from any person or entity (also, see Honoraria).
 - b) Food and beverages provided during the normal course of the day, as part of due diligence business travel, may be accepted, provided such food and beverages are uniformly offered to all attendees.

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

8) Honoraria

- a) Board members and staff are not permitted to accept honoraria from event sponsors or investment managers in any form for any event included with any request for travel authorization and/or expense reimbursement.

9) Cash Advances

- a) Cash advances will not be allowed unless specifically approved by the Board.

10) Expenses for Traveling Companions

- a) Expenses of family members and/or traveling companions are not reimbursable by PFRS.

11) Limitations on Expense Allowance

- a) Reimbursement for expenses shall not exceed that which is reasonable and necessary for travel to the precise destination and date of the covered occurrence, whether by private automobile, rental vehicle or common carrier. Expense costs for extra days prior to or after a conference will be reimbursed only if such extension results in lower overall trip costs or is necessitated by the conference schedule or available flights. Such cost(s) cannot push travel costs beyond any members' overall annual travel budget allowance.

12) Travel and Lodging Cancellations

- a) Trustees are responsible for the timely cancellation of registration fees, as well as travel and lodging reservations made on their behalf that will not be used, so that PFRS will incur no unnecessary expense. Should the Board determine that a Trustee has consistently failed to timely cancel travel, the Board may require a Trustee to personally pay any fees caused by their failure to timely cancel travel.

13) Travel Arrangements

- a) All travel arrangements for which reimbursement is or will be sought shall be coordinated with the office of the Plan Administrator. Staff will process and pay the registration fee for an event (if any) and apply the cost of registration toward the members' annual travel expense allowance.
- b) Travel requests shall be submitted to the Plan Administrator prior to travel and shall include supporting information such as: program announcements, schedules, meeting dates, and an estimate of costs.
- c) The Plan Administrator or designee will assist the Board with travel arrangements when necessary, including arranging for event registration .

14) Travel By Privately-Owned Vehicles

- a) Board members, who use their privately owned vehicles for official travel within a 150-mile radius of point of origin, will be reimbursed at the Federal mileage rate. For trips exceeding a 150-mile radius of point of origin, Board members will be reimbursed at the established full coach round trip, unrestricted airfare (as of the date of the claim).
- b) Point of origin shall refer to the residence of the Board member.

15) Travel By Common Carrier

OAKLAND POLICE AND FIRE RETIREMENT BOARD

CITY OF OAKLAND, CALIFORNIA

- a) When the carrier provides transportation by more than one class of service, the full coach or economy class fare on a major airline must be used. Any costs over and above coach or economy class shall be considered personal, non-reimbursable expenses of the traveler. Whenever possible, the Oakland Airport should be used for air travel. Original receipts and the travel itinerary are required for reimbursement of airfare. Airfare purchased using "frequent flyer miles" will not be reimbursed.

16) Rental Car

- a) The use of a rental car is allowed, provided its use is the most economical and practical means of travel. Original receipts are required for rental car reimbursement (including receipts for tolls, fuel, etc.).

17) Overnight Lodging

- a) The Plan Administrator will be responsible for payment of lodging invoices. Conference discount rates are to be used if offered. Travelers may make independent reservations at a non-conference associated hotel, under unusual circumstances, and are expected to stay in reasonable economical accommodations. A receipt is required for reimbursement of lodging costs.

18) Per Diem

- a) The current Federal per diem rate is used to cover the cost of three meals plus tips. There are no restrictions on how the meal per diem will be divided. Receipts are not necessary, since the Federal daily rate is the maximum allowable rate. If the conference registration fee includes meals, then the per diem will be reduced according to the current Federal per diem rate.
- b) The current Federal per diem rate is found at: <https://www.gsa.gov/travel/plan-book/per-diem-rates>

19) Meals

- a) For any full day out-of-city travel, the costs of meals and tips may be reimbursed at the current daily Federal per diem rate [see Section IV(18)(b)] without regard to how much is spent on individual meals (i.e., breakfast, lunch, dinner, snacks) and without receipts, subject to the following limitations:
 - i. If a Board member is on travel status for less than a full day, costs may be reimbursed for individual meals occurring within the travel time, using the per diem rates [see Section IV(18)(b)].
 - ii. Meals that are included in a meeting, conference and/or registration fee will be deducted from the per diem rates [see Section IV(18)(b)].
 - iii. Meals may be reimbursed without regard to the duration of travel. Breakfast may be reimbursed even if a board member's travel consists of less than two hours in duration. Dinners may be reimbursed even if travel consists of less than two hours duration.

20) Other Expenses

- a) Other reasonable and necessary expenses such as parking, transportation to and from the airport (shuttle, taxi, etc.), will be reimbursed when a receipt is submitted with the Travel Expense Voucher reimbursement claim. For expenses where receipts are not customarily issued, (i.e. BART, bus fare, tips), reasonableness of the expense shall be approved by the Plan Administrator.

OAKLAND POLICE AND FIRE RETIREMENT BOARD

CITY OF OAKLAND, CALIFORNIA

- b) Board members who travel on a non per-diem basis must submit receipts for all expenses incurred. If a member chooses not to utilize per diem, reimbursement will be based on the submission of individual itemized receipts (i.e. 1 coffee, 1 salad, 1 sandwich, etc.) Alcoholic beverages charges and charges incurred by a travel companion will not be reimbursed.

21) Expense Submission

- a) Travel Expenses for reimbursement are due within fifteen (15) days of return from a trip. The Plan Administrator may request further justification and documentation and may deny cost claims that are not considered eligible.

22) Cancellations

- a) It is the Board member's responsibility to cancel reservations when travel plans are altered or canceled and refund the Board for all previously advanced expenses. Charges or loss of refunds resulting from failure to cancel reservations will not be reimbursed except when cancellation was not feasible.

23) Update of Education and Travel Policy

- a) The PFRS Education and Travel Policy will be reviewed by the PFRS Board as needed but no less than three years from the previous approval date.

APPENDIX A – PROCEDURE: Travel Request, Authorization and Reimbursement

The PFRS Board has final approval authority regarding travel authorization and expense reimbursement for Board or staff travel for conferences and educational seminars related to the function of PFRS. Such requests and authorization is reviewed and acted upon by the Board at their Board meetings.

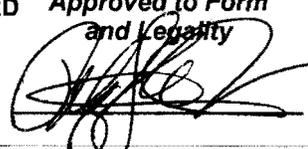
Board members are asked to submit their travel requests to staff no later than fourteen (14) calendar days before the next PFRS Board meeting in order to add the travel request to the upcoming board meeting agenda. Travel requests received after this 14-day window will be added to the next available Board meeting agenda.

Procedures for a travel request, travel authorization and reimbursement for travel expenses are detailed below:

1. Inform PFRS staff of intent to request travel authorization and reimbursement for an event. All reservations which can be made immediately are suggested to be made if full reimbursement can be arranged in the event of the denial of travel request.
2. Staff will create a file for this travel event, which will include the following items:
 - a. Agenda Report summarizing travel request (signed by Plan Administrator). This report will be submitted for Board approval at the next available Board meeting.
 - b. PFRS Board Resolution detailing the travel request (approved to form and legality by the PFRS Legal Counsel).
 - c. Event Agenda. This document must identify the event name, date, location and schedule of events.
 - d. Travel Authorization Form (complete; signed by Plan Administrator). The estimated travel expenses will be detailed in this document and will be signed by the Plan Administrator.
 - e. Travel Expense Voucher (completed following return from travel event, signed by traveler and Plan Administrator).

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

*Approved to Form
and Legality*



RESOLUTION No. 7008

ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

RESOLUTION FIXING THE MONTHLY ALLOWANCE OF LAURIE K. DAVIS, SPOUSE OF LAWRENCE DAVIS, AND DORAYA GOEPPERT, SPOUSE OF HOWARD G. GOEPPERT, RETIRED MEMBERS OF THE POLICE AND FIRE RETIREMENT SYSTEM

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

WHEREAS, the surviving spouses, whose names appear below (3), do not claim such 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 below (7) 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 fixes, and it does hereby fix, the amount in Column (7), as the monthly allowance to which said surviving spouses are entitled, effective 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
Lawrence Davis (P)	12/17/2017	Laurie K. Davis	12/18/2017	Service	32.891%	\$3,687.42
Howard G. Goepfert (F)	02/19/2018	Doraya Goepfert	02/20/2018	Service	44.445%	\$4,696.81

IN BOARD MEETING, CITY HALL, OAKLAND, CA APRIL 25, 2018

PASSED BY THE FOLLOWING VOTE:

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

NOES:

ABSTAIN:

ABSENT:

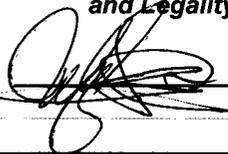
ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved to Form
and Legality

RESOLUTION No. 7012



ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

RESOLUTION FIXING THE MONTHLY ALLOWANCE OF BARBARA A. BARRIEAU, SPOUSE OF RICHARD J. BARRIEAU, JR. A MEMBER OF THE POLICE AND FIRE RETIREMENT SYSTEM

WHEREAS, the retired member of the Police and Fire Retirement System, whose name appears below (1), died on the date shown below (2); and

WHEREAS, there is now presented to this Board, the monthly allowance shown below (7) 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 fixes, and it does hereby fix, the amount in Column (7), as the monthly allowance to which said surviving spouse is entitled, effective 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
Richard J. Barrieau, Jr. (F)	02/09/2018	Barbara A. Barrieau	02/10/2018	Service	29.04%	\$3547.17

IN BOARD MEETING, CITY HALL, OAKLAND, CA APRIL 25, 2018

PASSED BY THE FOLLOWING VOTE:

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

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY