

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**

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.*

AGENDA

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

**Wednesday, April 26, 2017 – 9:30 am
One Frank H. Ogawa Plaza, Hearing Room 3
Oakland, California 94612**

- - - ORDER OF BUSINESS - - -

- 1. Subject:** **February 22, 2017 PFRS Audit Committee Meeting Minutes**
From: Staff of the PFRS Board

Recommendation: APPROVE February 22, 2017 Audit Committee meeting minutes.
- 2. Subject:** **March 29, 2017 PFRS Audit Committee Meeting Minutes**
From: Staff of the PFRS Board

Recommendation: APPROVE March 29, 2017 Audit Committee meeting minutes.
- 3. Subject:** **Administrative Expenses Report**
From: Staff of the PFRS Board

Recommendation: ACCEPT an informational report regarding PFRS Administrative Expenses from July 1, 2016 through February 28, 2017.
- 4. Subject:** **Review PFRS Rules and Regulations**
From: Member Robert Muszar

Recommendation: DISCUSSION regarding PFRS Rules and Regulations.
- 5. Subject:** **Review of protocols regarding the handling of confidential medical/health information particularly as it relates to HIPAA**
From: Member Robert Muszar

Recommendation: DISCUSSION regarding protocols regarding the handling of confidential medical/health information particularly as it relates to HIPAA.
- 6. Subject:** **Review of possible administrative/management audit of PFRS administration**
From: Member Robert Muszar

Recommendation: DISCUSSION regarding possible administrative/management audit of PFRS administration.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
SPECIAL AUDIT COMMITTEE MEETING
APRIL 26, 2017**

ORDER OF BUSINESS, continued

7. **Subject:** **Resolution No. 6965 – Travel Authorization for Board Member R. Steven Wilkinson to Travel and Attend the 2017 NASP Pension and Financial Services Conference (“2017 NASP Conference”) from/on June 26, 2017 to June 28, 2017 in Los Angeles, CA with an Estimated Budget of One Thousand Seven Hundred Fifty-Seven Dollars (\$1,757.00)**
- From:** Staff of the PFRS Board
-
- Recommendation:** **RECOMMEND BOARD APPROVAL OF** Resolution No. 6965 – Travel Authorization for Staff Member R. Steven Wilkinson to Travel and Attend the 2017 NASP Pension and Financial Services Conference (“2017 NASP Conference”) from/on June 26, 2017 to June 28, 2017 in Los Angeles, CA with an Estimated Budget of One Thousand Seven Hundred Fifty-Seven Dollars (\$1,757.00).
8. **Subject:** **Resolution No. 6968 – Travel authorization for Staff Member Pelayo Llamas to travel and attend the 2017 CALAPRS Attorneys' Roundtable Conference (“2017 CALAPRS Conference”) from/on June 2, 2017 in Burbank, CA with an estimated budget of Eight Hundred Nine Dollars (\$809.00)**
- From:** Staff of the PFRS Board
-
- Recommendation:** **RECOMMEND BOARD APPROVAL OF** Resolution No. 6968 – Travel authorization for Staff Member Pelayo Llamas to travel and attend the 2017 CALAPRS Attorneys' Roundtable Conference (“2017 CALAPRS Conference”) from/on June 2, 2017 in Burbank, CA with an estimated budget of Eight Hundred Nine Dollars (\$809.00).
9. **Subject:** **Resolution No. 6969 – Travel authorization for PFRS Board Member R. Steven Wilkinson to travel and attend the 2017 RG+Associates Consortium East Conference (“2017 RG+Associates Conference”) from/on June 14 to June 15, 2017 in New York, NY with an estimated budget of One Thousand Six Hundred Seventy Dollars (\$1,670.00)**
- From:** Staff of the PFRS Board
-
- Recommendation:** **RECOMMEND BOARD APPROVAL OF** Resolution No. 6969 – Travel authorization for PFRS Board Member R. Steven Wilkinson to travel and attend the 2017 RG+Associates Consortium East Conference (“2017 RG+Associates Conference”) from/on June 14 to June 15, 2017 in New York, NY with an estimated budget of One Thousand Six Hundred Seventy Dollars (\$1,670.00).
10. **Subject:** **Resolution No. 6970 – Travel authorization for PFRS Staff Member Katano Kasaine to travel and attend the 2017 IRR Public Funds Roundtable Conference (“2017 IRR Conference”) from/on April 26, 2017 to April 28, 2017 in Los Angeles, CA with an estimated budget of One Thousand Two Hundred Seventeen Dollars (\$1,217.00)**
- From:** Staff of the PFRS Board
-
- Recommendation:** **RECOMMEND BOARD APPROVAL OF** Resolution No. 6970 – Travel authorization for PFRS Staff Member Katano Kasaine to travel and attend the 2017 IRR Public Funds Roundtable Conference (“2017 IRR Conference”) from/on April 26, 2017 to April 28, 2017 in Los Angeles, CA with an estimated budget of One Thousand Two Hundred Seventeen Dollars (\$1,217.00).

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
SPECIAL AUDIT COMMITTEE MEETING
APRIL 26, 2017**

ORDER OF BUSINESS, continued

11. Open Forum
12. Future Scheduling

D R A F T

PFRS Audit/Operations Committee Meeting Minutes

February 22, 2017

Page 1 of 4

A SPECIAL AUDIT/OPERATIONS COMMITTEE MEETING of the Oakland Police and Fire Retirement System ("PFRS") was held Wednesday, February 22, 2017 in Hearing Room 3, One Frank Ogawa Plaza, Oakland, California.

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

Committee Members Absent: • Christine Daniel, Member

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

The meeting was called to order at 9:09 AM

1. **Approval of Audit Committee meeting minutes** – Member Muszar made a motion to approve the December 21, 2016 Audit Committee meeting minutes, second by Chairman Speakman. Motion passed.

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

2. **PFRS Monthly Administrative Expenses Report** – Investment Officer Teir Jenkins presented the details of the PFRS administrative expenses report from July 1, 2016 through December 31, 2016. Following committee discussion, Member Muszar made a motion to accept the Administrative Expenses Report from July 1, 2016 through December 31, 2016, second by Chairman Speakman. Motion passed.

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

3. **Resolution No. 6950 – Amendment of 2016-17 PFRS administrative budget** – Mr. Jenkins reported staff recommendations for amending the PFRS 2016-17 administrative budget. He presented the details regarding the recommendation to be (1) an additional of \$177,317 added to staff salaries and benefits, (2) an increase to Legal Services of \$31,618 to correct attorney staff benefits costs, (3) an additional budget line item, "Staff Training – Tuition Reimbursement", to be funded by transferring \$5,000 from the current "Staff Training" budget item, and (4) an additional budget line item, "Outside Legal Services – Probate", funded by the transfer of \$10,000 from the Legal Contingency budget line item.

Chairman Speakman asked if the \$5,000 added to the Staff Training – Tuition Reimbursement line item will be adequate funding for tuition. Mr. Jenkins said this new item merely covers the specific Staff training – tuition item and only through the remainder of the fiscal year 2016-17 and should be adequate.

Member Muszar said he does not support the fund reallocation for "outside legal services – probate", until the board has been briefed and has determined the need for the use of an outside attorney for this purpose.

Following additional committee discussion, Member Muszar made a motion to recommend Board approval of Resolution No. 6950 with one amendment: to deletion the proposed \$10,000 fund reallocation for outside counsel – estate and probate, until the PFRS board has been briefed on and approves the use of an outside attorney for this purpose the, second by Chairman Speakman. Motion passed.

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

D R A F T

D R A F T

PFRS Audit/Operations Committee Meeting Minutes

February 22, 2017

Page 2 of 4

4. **PFRS Proposed Administrative Budget for Fiscal Years 2017-18 and 2018-19** – Member Muszar said this agenda item should be tabled until Plan Administrator Katano Kasaine can be present to discuss this item. Member Muszar made a motion to table this agenda item until such time that Ms. Kasaine can be present to discuss this matter with the Committee, second by Chairman Speakman. Following discussion, motion passed.

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

Later at this committee meeting, Ms. Kasaine arrived and this discussion on this matter resumed.

Plan Administrator Katano Kasaine presented the proposed 2-year PFRS Administrative Staff Budget for Fiscal Years 2017-18 and 2018-19. He said the board wanted staff to bring this proposed budget to show how it would be structured and allow the Audit Committee and Board to work with staff in crafting its structure. Mr. Jenkins said the completed 2-year PFRS Administrative Staff Budget for Fiscal Years 2017-18 and 2018-19 would be brought to the PFRS board for approval at the March 2017 meeting. He then presented the Audit Committee with the details of the proposed administrative budget.

Member Muszar thanked the staff for their work on the proposed 2-year administrative budget. He described his concerns regarding several proposed line items. Member Muszar also explained his concern about the budget process where funds are taken from the Investment Services budget section to supplement budget shortfalls elsewhere. He said the structure of the PFRS Fund only reflects savings to the fund when the investment services fees budget reflects a surplus and that no surplus is ever found if it is raided to supplement other parts of the budget. Also, Member Muszar restated his feelings that the addition of new line items without board discussion on said items (i.e., outside legal counsel – probate) would be a premature action.

Member Muszar also noted that his research showed that the budgeted cost to administer the PFRS system was about \$1,300 per retiree/beneficiary and that an independent researcher reported that other public retirement systems reflect retiree/beneficiary costs to be only several hundred dollars per retiree/beneficiary. He recommends the committee study and discuss whether PFRS costs are justified and supportable.

Plan Administrator Katano Kasaine addressed Member Muszar concerns about the proposed 2-year administrative budget. She acknowledged Member Muszar's perspective of the crafting of the budget as well as his method about cost per retiree/beneficiary. She explained why that the budgeting process cannot rely on the methods he utilized because the PFRS system is a closed system, which differentiates it from many of the other retirement systems used for comparison.

The committee had extensive discussion about the proposed administrative budget. Member Muszar said he remained unconvinced to approve the Administrative Budget in its current form. Member Muszar made a motion to accept the informational report from staff, second by Chairman Speakman. Motion passed.

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

5. **Annual Report for Fiscal Year ending June 30, 2016** – Mr. Jenkins reported that the Annual Report for Fiscal Year ending June 30, 2016 had been completed and was ready to be published. Member Muszar made a motion to recommend Board approval of the printing and publishing of the Annual Report for Fiscal Year ending June 30, 2016, second by Chairman Speakman. Motion passed.

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

D R A F T

6. **Resolution No. 6944 - Travel authorization for Board Member R. Steven Wilkinson** – Chairman Speakman noted that Member Wilkinson's travel request was for travel in January 2017 but written authorization was provided by President Johnson for Travel and Reimbursement. Member Muszar made a motion to recommend Board approval of resolution no. 6944, the travel authorization for Board Member R. Steven Wilkinson to Travel and Attend the 2017 RG & Associates Consortium West Conference ("2017 Consortium West Conference") from/on January 25-26, 2017 in Los Angeles, CA with an estimated budget of Seven Hundred Eighty Seven Dollars (\$787.00), second by Chairman Speakman. Motion passed.

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

7. **Resolution No. 6951 - Travel Authorization for Board Member Robert Muszar** – Resolution No. 6951 was moved directly to the PFRS board meeting for consideration.
8. **Resolution No. 6952 - Travel Authorization for Board Member R. Steven Wilkinson** – Member Muszar made a motion to recommend Board approval of Resolution No. 6952, the Travel Authorization for Board Member R. Steven Wilkinson to Travel and Attend the 2017 CALAPRS General Assembly Conference ("2017 CALAPRS Conference") from/on March 4, 2017 to March 7, 2017 in Monterey, CA with an Estimated Budget Of Nine Hundred Forty-Six Dollars (\$946.00).

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

9. **Resolution No. 6953 - Travel Authorization for Board Member John Speakman** – Resolution No. 6953 was moved directly to the PFRS board meeting for consideration.
10. **Resolution No. 6954 - Travel Authorization for Board Member Robert Muszar** – Member Muszar directed staff to cancel his request to attend this event, as he is now unable to attend.

Plan Administrator Katano Kasaine arrived at the meeting at 9:27 am.

11. **Resolution No. 6955 - Travel and Reimbursement Authorization for Investment Committee Chairman Jaime Godfrey** – Chairman Speakman noted that Investment Committee Chairman Godfrey's travel request was for travel in January 2017 but written authorization was provided by President Johnson for Travel and Reimbursement. Member Muszar made a motion to recommend Board approval of Resolution No. 6955, the Travel and Reimbursement Authorization for Investment Committee Chairman Jaime Godfrey for Travel for Due Diligence Meeting with Rice Hall James and Associates, LLC on January 17-18, 2017 in San Diego, CA with an Estimated Budget of Eight Hundred Twenty-Three Dollars (\$823.00). Motion passed.

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

12. **Resolution No. 6956 - Travel Authorization for Staff Member Katano Kasaine** – Member Muszar made a motion to recommend Board approval of Resolution No. 6956, the Travel Authorization for Staff Member Katano Kasaine to Travel and Attend the 2017 CALAPRS General Assembly Conference ("2017 CALAPRS Conference") from/on March 4, 2017 to March 7, 2017 in Monterey, CA with an Estimated Budget Of One Thousand Twenty-five Dollars (\$1,025.00).

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

D R A F T

PFRS Audit/Operations Committee Meeting Minutes

February 22, 2017

Page 4 of 4

13. **Open Forum** – No Report.

14. **Future Scheduling** – The next audit committee meeting was scheduled for March 29, 2017.

The meeting adjourned at 10:00 AM

JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN

DATE

D R A F T

D R A F T

PFRS Audit/Operations Committee Meeting Minutes

March 29, 2017

Page 1 of 3

A SPECIAL AUDIT/OPERATIONS COMMITTEE MEETING of the Oakland Police and Fire Retirement System ("PFRS") was held Wednesday, March 29, 2017 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
- David Low & Teir Jenkins, Staff Members
- Pelayo Llamas, PFRS Legal Counsel

The meeting was called to order at 9:08 AM

1. **Approval of Audit Committee meeting minutes** – Member Muszar said a motion was not recorded properly on the meeting minutes. Also, member Muszar said comments made by him at the February 22, 2017 meeting regarding agenda item no. 4 were absent from the February 22, 2017 audit committee meeting minutes. He requested staff to review the meeting records and add his comments to the written record in order to fairly report the comments he made.

Staff member David Low reported that the are currently written in a style to present the subject of committee and board meetings with a minimum of discussion notes and stated that meeting minutes are primarily used to be record the detailed actions of the Board. Plan Administrator Katano Kasaine added that Mr. Low's process for the PFRS meeting minutes are to summarize commentary to encapsulate the discussion. She asked Member Muszar whether his concerns were not adequately recorded. Member Muszar affirmed her questions, saying his comments supporting his view that there is a lack of information for the Audit Committee and Board to make a decision about the 2-year budget. He added that, while he appreciates staff's efforts to summarize the meeting minutes while recording board actions, he believed there is importance to recording discussion where Board members have asked questions, otherwise it would be as if no question was raised. Approval of the Audit Committee meeting minutes for February 22, 2017 were tabled to the next audit committee meeting.

2. **PFRS Monthly Administrative Expenses Report** – Investment Officer Teir Jenkins presented the details of the PFRS administrative expenses report from July 1, 2016 through January 31, 2017. Following committee discussion, Member Muszar made a motion to accept the Administrative Expenses Report from July 1, 2016 through January 31, 2017, second by member Daniel. Motion passed.

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

3. **Resolution No. 6964 – Resolution authorizing the retention of outside legal counsel to advise the retirement staff on legal matters that may arise upon the death of a member of the Police and Fire Retirement System** – Plan Administrator Katano Kasaine reported the details of the planned action to hire outside legal counsel to assist and support PFRS Legal Counsel related to legal matters that may arise upon the death of a PFRS members and beneficiaries.

Member Muszar recognized the need for this action and recommended a Committee or Board review of any attorney hire as well as the setting of a Board policy for such matters (which would delineate the steps between staff action and board action) before approving this resolution. The Committee and staff discussed member Muszar's concerns as well as the recommended action.

MOTION: Following additional committee discussion, Member Muszar made a motion recommending Board approval of Resolution No. 6964 as presented but amending the FURTHER RESOLVED CLAUSE as follows (underscore text indicates additions):

D R A F T

D R A F T

PFRS Audit/Operations Committee Meeting Minutes

March 29, 2017

Page 2 of 3

FURTHER RESOLVED: That the City Attorney's office will issue a corresponding Request for Qualifications (RFQ) and, after consultation by a representative of the Audit Committee, select a qualified firm to advise the System on this matter.

A second to the motion was made by Member Daniel. Motion passed.

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

4. **PFRS Administrative Budget for Fiscal Years 2017-18 and 2018-19** – Ms. Kasaine presented the PFRS Administrative Budget for Fiscal Years 2017-18 and 2018-19. She discussed the details of the line items presented in this budget. Member Daniel questioned staff about line items presented on the proposed administrative budget, addressing questions such as Information Technology costs noted in Internal Administrative Costs. Staff clarified that the IT costs are a subset of the Miscellaneous Expenditures line item in Internal Administrative Costs Budget Section.

Member Muszar discussed his areas of concern regarding the budget. He said the administrative expenses are too high, noting that, by his calculations, the cost per retiree/beneficiary for the PFRS system of the reported 2-year budget expenses that does not include money manager fees comes to \$1,873 per participant. Member Muszar said this calculation far exceeds the cost per participant of other California Pension Systems. He said he is unconvinced of other peoples' opinion that evaluating the administrative expenses as a percentage of the total fund is an acceptable metric to validate the cost of Administrative Expenses. Member Muszar also had concerns about the allocation of staffing and its measure as part of the administrative expenses. He asked that more time be made to discuss the budget before the Board approves it.

MOTION: Following Committee discussion, Member Daniel made a motion to recommend Board approval of the PFRS Administrative Budget for Fiscal Years 2017-18 and 2018-19, second by Chairman Speakman. Motion passed.

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

5. **Resolution No. 6954 - Travel and Reimbursement Authorization for Investment Officer Teir Jenkins** – Member Daniel made a motion to recommend Board approval of Resolution No. 6954, Travel Authorization for Staff Member Teir Jenkins to Travel and Attend the 2017 Pension Bridge Conference ("2017 Pension Bridge Conference") from/on April 18, 2017 to April 19, 2017 in San Francisco, CA with an Estimated Budget of One Hundred Ninety-Three Dollars (\$193.00), second by member Muszar. Motion passed.

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

6. **Resolution No. 6961 - Travel Authorization for Staff Member Katano Kasaine** – Member Muszar made a motion to recommend Board approval of Resolution No. 6461, the Travel Authorization for Staff Member Katano Kasaine to Travel and Attend the 2017 NASP Pension and Financial Services Conference ("2017 NASP Conference") from/on June 26, 2017 to June 28, 2017 in Los Angeles, CA with an Estimated Budget of One Thousand Seven Hundred Fifty-Seven Dollars (\$1,757.00), second by member Daniel. Motion passed.

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

D R A F T

D R A F T

PFRS Audit/Operations Committee Meeting Minutes

March 29, 2017

Page 3 of 3

7. **Open Forum** – No Report.
8. **Future Scheduling** – The next audit committee meeting was scheduled for April 26, 2017. Member Muszar asked if a policy-development item be added to the Audit Agenda. Member Daniel noted that staff discussed the plan to resolve this matter before June 2017 and report back to the Board before that time.

The meeting adjourned at 10:09 AM

JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN

DATE

D R A F T

Table 1

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
Administrative Budget Spent to Date
Fiscal Year as of February 28, 2017

	Amended Budget		February 2017		FYTD		Remaining		Percent Remaining
Internal Administrative Costs									
PFRS Staff Salaries	\$ 984,865	\$ 68,023	\$ 555,102	\$ 429,763					43.6%
Board Travel Expenditures	52,500	-	2,893	49,607					94.5%
Staff Training	10,000	-	1,647	8,353					83.5%
Staff Training - Tuition Reimbursement	5,000	-	1,300	3,700					74.0%
Annual Report & Duplicating Services	4,000	-	60	3,940					98.5%
Board Hospitality	2,600	-	1,026	1,574					60.6%
Payroll Processing Fees	35,000	-	-	35,000					100.0%
Miscellaneous Expenditures	25,000	1,113	20,568	4,432					17.7%
Contract Services Contingency	50,000	-	1,200	48,800					97.6%
Internal Administrative Costs Subtotal :	\$ 1,168,965	\$ 69,136	\$ 583,797	\$ 585,168					50.1%
Actuary and Accounting Services									
Audit	\$ 45,000	\$ -	\$ 41,750	\$ 3,250					7.2%
Actuary	45,000	-	28,156	16,844					37.4%
Actuary and Accounting Subtotal:	\$ 90,000	\$ -	\$ 69,906	\$ 20,094					22.3%
Legal Services									
City Attorney Salaries	\$ 169,956	\$ 12,180	\$ 93,351	\$ 76,605					45.1%
Legal Contingency	150,000	-	29,862	120,138					80.1%
Legal Services Subtotal:	\$ 319,956	\$ 12,180	\$ 123,213	\$ 196,743					61.5%
Investment Services									
Money Manager Fees	\$ 1,326,646	\$ 119,069	\$ 536,449	\$ 790,197					59.6%
Custodial Fee	116,500	29,125	33,800	82,700					71.0%
Investment Consultant (PCA)	100,000	-	50,000	50,000					50.0%
PCA: Asset & Liability Study	30,000	-	-	30,000					100.0%
Investment Subtotal:	\$ 1,573,146	\$ 148,194	\$ 620,249	\$ 952,897					60.6%
Total Operating Budget	\$ 3,152,067	\$ 229,510	\$ 1,397,166	\$ 1,754,901					55.67%

Table 2

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Cash in Treasury (Fund 7100)

As of February 28, 2017

FY 2016 - 2017

Beginning Cash as of 1/31/2017	\$ 2,698,715
---------------------------------------	--------------

Additions:

City Contributions	\$ -
Investment Draw (Incoming Wire)	5,000,000
Misc. Receipts	14,124
Total Additions:	\$ 5,014,124

Deductions:

Pension Payment (January Pension Paid in February)	(4,820,591)
Expenditures Paid	(192,604)
Total Deductions	\$ (5,013,195)

Ending Cash Balance as of 2/28/2017	\$ 2,699,644
--	---------------------

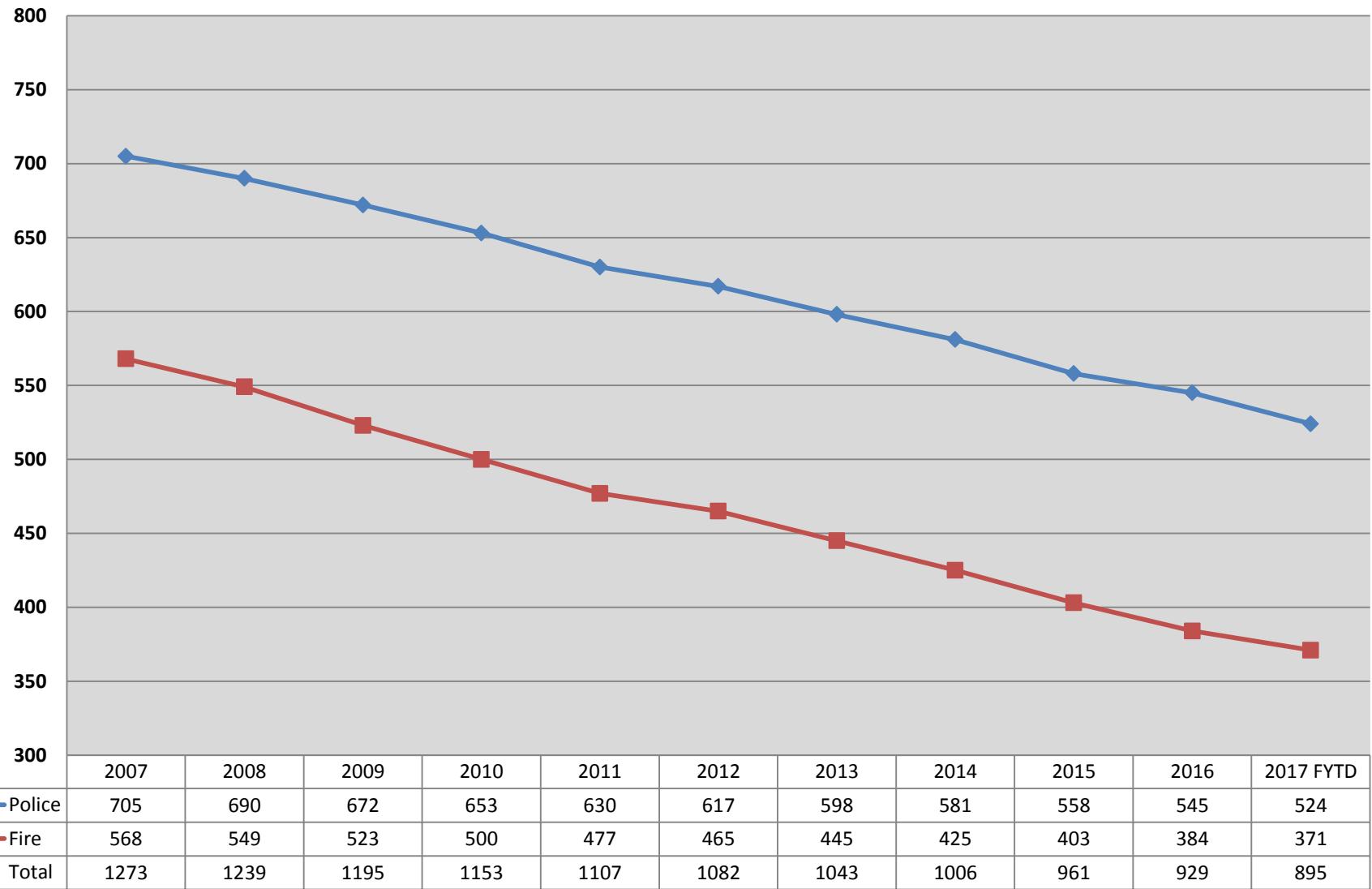
Table 3
CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Census
As of February 28, 2017

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Retiree	385	239	624
Beneficiary	139	132	271
Total Retired Members	524	371	895
Total Membership:	524	371	895

COMPOSITION	POLICE	FIRE	TOTAL
Retired Member:			
Service Retirement	347	199	546
Disability Retirement	164	157	321
Death Allowance	13	15	28
Total Retired Members:	524	371	895
Total Membership as of February 28, 2017:	524	371	895
Total Membership as of June 30 2016:	545	384	929
Annual Difference:	-21	-13	-34

Oakland Police and Fire Retirement System
Pension Plan Membership Count
As of February 28, 2017 (FY 2007 - FY 2017)





MEMORANDUM

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

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

Travel / Education Event: 2017 NASP Pension and Financial Services Conference

Event Location: Millinium Biltmore Hotel

Event Date: June 26 - 28, 2017

Estimated Event Expense*: \$ 1,757.00 (estimated)

Notes:

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

Respectfully submitted,

Katru Kisan

**Katano Kasaine, Plan Administrator
Oakland Police and Fire Retirement System**

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

Attachments (if any):

Resolution #6965

Program Agenda

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved to Form

and Legality

RESOLUTION NO. 6965

ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

TRAVEL AUTHORIZATION FOR PFRS BOARD MEMBER R. STEVEN WILKINSON TO TRAVEL AND ATTEND THE 2017 NATIONAL ASSOCIATION OF SECURITIES PROFESSIONALS PENSION AND FINANCIAL SERVICES CONFERENCE ("2017 NASP CONFERENCE") FROM/ON JUNE 26, 2017 TO JUNE 28, 2017 IN LOS ANGELES, CA WITH AN ESTIMATED BUDGET OF ONE THOUSAND SEVEN HUNDRED FIFTY-SEVEN DOLLARS (\$1,757.00)

WHEREAS, PFRS Board Member R. Steven Wilkinson wishes to attend the 2017 NASP Conference in Los Angeles, CA from/on June 26, 2017 to June 28, 2017; and

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

WHEREAS, in compliance with the Board Travel Policy, which requires that PFRS Board/Staff Members seek PFRS Board approval prior to travel; and

WHEREAS, in compliance with the Board Travel Policy, the Board/Staff Member has presented costs for travel, lodging and/or registration fees to the 2017 NASP Conference in the amount of approximately \$1,757.00; and

WHEREAS, Board Member Wilkinson seeks Board approval of the fore mentioned estimated costs to travel to Los Angeles, CA to attend the 2017 NASP Conference from/on June 26, 2017 to June 28, 2017; now, therefore, be it

RESOLVED: Board member R. Steven Wilkinson's travel request and estimated budget of \$1,757.00 to attend the June 26, 2017 to June 28, 2017 NASP Conference is hereby approved.

IN BOARD MEETING, CITY HALL, OAKLAND, CA _____

APRIL 26, 2017

PASSED BY THE FOLLOWING VOTE:

AYES: BERNARD, DANIEL, GODFREY, MUSZAR, SPEAKMAN AND PRESIDENT JOHNSON

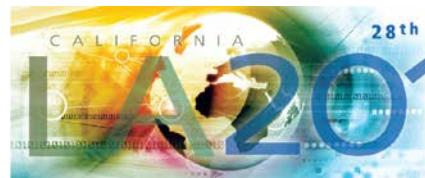
NOES:

ABSTAIN: WILKINSON

ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY



28th Annual Pension and Financial Services Conference

June 26-28 | Los Angeles

POSITIVE DISRUPTIONS:

Leveraging New Drivers of Economic Growth

National Association of

**PRELIMINARY
SCHEDULE OF EVENTS**
*[Revised 2/3/17]***>> Monday, June 26, 2017 – Day 1 >>**

7:00 a.m. – 8:30 a.m.	REGISTRATION & CONTINENTAL BREAKFAST [Heinsbergen & South Galeria]		
7:00 a.m. – 4:00 p.m.	CAREER MANAGEMENT & RECRUITMENT EXPO [South Galeria]		
8:00 a.m. – 8:45 a.m.	MORNING PLENARY [Biltmore Bowl]		
9:00 a.m. – 12:15 p.m.	TNI Morning Sessions [Gold]	PDS Morning Sessions [Crystal]	AFS Morning Sessions [Tiffany]
12:30 p.m. – 1:45 p.m.	LUNCH [Biltmore Bowl]		
1:45 p.m. – 2:45 p.m.	POST-LUNCH NETWORKING & DESSERT [South Galeria]		
3:00 p.m. – 6:00 p.m.	CAREER COACHING [Heinsbergen]		
2:00 p.m. – 4:00 p.m.	TNI Afternoon Sessions [Gold]		AFS Afternoon Sessions [Tiffany]
4:30 p.m. – 6:30 p.m.	TNI Closing Reception (<i>By Invitation Only</i>) [Emerald]		
6:30 p.m. – 10:00 p.m.	DINNER ON YOUR OWN		
10:00 p.m. – Midnight	LATE NIGHT SWEETS & SPIRITS [Bernard's]		

>> Tuesday, June 27, 2017 – Day 2 >>

7:00 a.m. – 7:45 a.m.	REGISTRATION & CONTINENTAL BREAKFAST [Heinsbergen & South Galeria]		
7:00 a.m. – 4:00 p.m.	CAREER MANAGEMENT & RECRUITMENT EXPO [South Galeria]		
8:00 a.m. – 11:00 a.m.	MORNING PLENARY SESSION/KEYNOTE [Biltmore Bowl] 8:10 a.m. – 9:10 a.m. (Featured Presentation 1) 9:15 a.m. – 10:00 a.m. (Featured Presentation 2) 10:10 a.m. – 11:00 a.m. (Featured Presentation 3)		
11:15 a.m. – 12:15 p.m.	CONCURRENT WORKSHOPS – SESSION 1 1A [Tiffany] 1B [Crystal] 1C [Gold] 1D [Emerald]		
12:30 p.m. – 2:00 p.m.	JOYCE JOHNSON AWARD LUNCHEON [Biltmore Bowl]		
2:15 p.m. – 3:15 p.m.	CONCURRENT WORKSHOPS – SESSION 2 2A [Tiffany] 2B [Crystal] 2C [Gold] 2D [Emerald]		
3:30 p.m. – 4:30 p.m.	AFTERNOON PLENARY SESSION/KEYNOTE [Crystal]		
4:30 p.m. – 6:00 p.m.	FREE TIME		
6:00 p.m. – 7:00 p.m.	COCKTAIL HOUR [Biltmore Bowl Foyer]		
7:00 p.m. – 9:00 p.m.	TRAVERS BELL AWARD CEREMONY & ENTERTAINMENT [Biltmore Bowl]		



**PRELIMINARY
SCHEDULE OF EVENTS**
[Revised 2/3/17]

>> Wednesday, June 28, 2017 – Day 3 >>

7:30 a.m. – 8:45 a.m.	REGISTRATION & CONTINENTAL BREAKFAST [Heinsbergen & South Galeria]
7:00 a.m. – 2:00 p.m.	CAREER MANAGEMENT & RECRUITMENT EXPO [South Galeria]
9:00 a.m. – 10:45 a.m.	MORNING PLENARY SESSION/KEYNOTE [Biltmore Bowl]
11:00 a.m. – Noon	CONCURRENT WORKSHOPS – SESSION 3 3A [Tiffany] 3B [Crystal] 3C [Gold] 3D [Emerald]
12:15 p.m. – 2:30 p.m.	MAYNARD JACKSON AND PACESSETTER AWARDS LUNCHEON [Biltmore Bowl]
2:30 p.m.	CONFERENCE ADJOURN



MEMORANDUM

TO: Oakland Police & Fire Retirement Board **FROM:** Katano Kasaine
SUBJECT: Authorization and Reimbursement of Board/Staff Travel/Education Expenses **DATE:** April 26, 2017

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

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

Travel / Education Event: 2017 CALAPRS Attorneys' Roundtable

Event Location: Marriott Burbank'; Burbank, CA

Event Date: June 2, 2017

Estimated Event Expense*: \$ 809.00 (estimated)

Notes: _____

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

Respectfully submitted,



Katano Kasaine, Plan Administrator
Oakland Police and Fire Retirement System

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

Attachments (if any):
Resolution #6968

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

*Approved to Form
and Legality*

RESOLUTION No. 6968

ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

**TRAVEL AUTHORIZATION FOR STAFF MEMBER PELAYO LLAMAS TO TRAVEL
AND ATTEND THE 2017 CALAPRS ATTORNEYS' ROUNDTABLE CONFERENCE
("2017 CALAPRS CONFERENCE") FROM/ON JUNE 2, 2017 IN BURBANK, CA WITH
AN ESTIMATED BUDGET OF EIGHT HUNDRED NINE DOLLARS (\$809.00)**

WHEREAS, Staff Member Llamas wishes to attend the 2017 CALAPRS Conference in Burbank, CA from/on June 2, 2017; and

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

WHEREAS, in compliance with the Board Travel Policy, which requires that PFRS Board/Staff Members seek PFRS Board approval prior to travel; and

WHEREAS, in compliance with the Board Travel Policy, the Board/Staff Member has presented costs for travel, lodging and/or registration fees to the 2017 CALAPRS Conference in the amount of approximately \$809.00; and

WHEREAS, Staff Member Llamas seeks Board approval of the fore mentioned estimated costs to travel to Burbank, CA to attend the 2017 CALAPRS Conference from/on June 2, 2017; now, therefore, be it

RESOLVED: Staff Member Pelayo Llamas's travel request and estimated budget of \$809.00 to attend the June 2, 2017 2017 CALAPRS Conference is hereby approved.

IN BOARD MEETING, CITY HALL, OAKLAND, CA APRIL 26, 2017

PASSED BY THE FOLLOWING VOTE:

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

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY



MEMORANDUM

TO: Oakland Police & Fire Retirement Board **FROM:** Katano Kasaine
SUBJECT: Authorization and Reimbursement of Board/Staff Travel/Education Expenses **DATE:** April 26, 2017

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

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

Travel / Education Event: 2017 RG+Associates Consortium East Conference

Event Location: Intercontinental Hotel, New York, NY

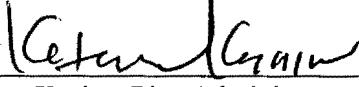
Event Date: June 13-15, 2017

Estimated Event Expense*: \$ 1,670.00 (estimated)

Notes: _____

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

Respectfully submitted,



Katano Kasaine, Plan Administrator
Oakland Police and Fire Retirement System

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

Attachments (if any):

Resolution #6969

Program Agenda

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved to Form
and Legality

RESOLUTION NO. 6969

ON MOTION OF MEMBER _____

SECONDED BY MEMBER _____

**TRAVEL AUTHORIZATION FOR PFRS BOARD MEMBER R. STEVEN WILKINSON
TO TRAVEL AND ATTEND THE 2017 RG+ASSOCIATES CONSORTIUM EAST
CONFERENCE ("2017 RG+ASSOCIATES CONFERENCE") FROM/ON JUNE 14 TO
JUNE 15, 2017 IN NEW YORK, NY WITH AN ESTIMATED BUDGET OF ONE
THOUSAND SIX HUNDRED SEVENTY DOLLARS (\$1,670.00)**

WHEREAS, PFRS Board Member R. Steven Wilkinson wishes to attend the 2017 RG+Associates Conference in New York, NY from/on June 14 to June 15, 2017; and

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

WHEREAS, in compliance with the Board Travel Policy, which requires that PFRS Board/Staff Members seek PFRS Board approval prior to travel; and

WHEREAS, in compliance with the Board Travel Policy, the Board/Staff Member has presented costs for travel, lodging and/or registration fees to the 2017 RG+Associates Conference in the amount of approximately \$1,670.00; and

WHEREAS, Board Member Wilkinson seeks Board approval of the fore mentioned estimated costs to travel to New York, NY to attend the 2017 RG+Associates Conference from/on June 14, 2017 to June 15, 2017; now, therefore, be it

RESOLVED: Board member R. Steven Wilkinson's travel request and estimated budget of \$1,670.00 to attend the June 14, 2017 to June 15, 2017 2017 RG+Associates Conference is hereby approved.

IN BOARD MEETING, CITY HALL, OAKLAND, CA _____

APRIL 26, 2017

PASSED BY THE FOLLOWING VOTE:

AYES: BERNARD, DANIEL, GODFREY, MUSZAR, SPEAKMAN AND PRESIDENT JOHNSON

NOES:

ABSTAIN: WILKINSON

ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY

[EVENT DETAILS](#)[AGENDA](#)[SUPPORTERS](#)[SPONSORS](#)[HOTEL](#)[REGISTER](#)

AGENDA

Our session topics are set—watch for updates on speakers and session facilitators this Spring. ConsortiumEAST prides itself on bringing new to the stage—expect the same in 2017.

DAY ONE – Wednesday, June 14, 2017

12:30 PM

REGISTRATION

1:30 – 1:45 PM

WELCOME – SETTING THE STAGE

1:45 – 2:15 PM

FIRESIDE CHAT**DOING AWAY WITH GROUP THINK: Strategies to Improve D&I Practices and Reap Big Benefits**

Research underscores what we know intuitively—different points of view drive a richer debate, more rigorous analysis and better outcomes. Large asset managers play a key role in developing women and minority investment talent. Hear how major investors view the issue and what proactive steps are being taken to be more inclusionary, overcome group think and bring best minds and talent to the table.

2:15 PM – 2:45 PM

GENERAL SESSIONS



MIGHTY MOVES: Bold Changes in the Alternative Investment Arena

We'll start with the premise that investment model evolve over time – learn the importance having a team that is flexible forward-thinking and bold enough to know when a change is needed. We'll dive into some out-of-the-box moves, including Yale and Harvard Models and others that set out to disrupt established ways of working, structuring teams, investment strategies and trusted managers. We'll learn how bold new strategies took hold, examine the internal debates, pro and con making changes, and how new models need to be continually tested (by returns) and refined. Strategies for 1st funds, 1st and more will be explored.

2:45 – 3:30 PM

EVOLVED EM MODELS: New Frameworks for Investing with Next Generation and Diverse Managers

We've invited some of the nation's most active LPs in the next generation/alpha manager arena for a hard-charging look at initiatives—what's worked, what's been (or being retooled), where investments are focused moving forward. This is the perfect opportunity to listen in.

3:30- 3:45 PM

TRANSITION

3:45 – 6:00 PM

LP Track – INSTITUTIONAL INVESTOR INTENSIVE

ADVANCED MASTER CLASS: Strategy + Performance + Talent = Success

3:45 – 3:50 PM

WELCOME / INTRODUCTIONS

3:50 – 4:30 PM

CIO/CEO REAL TALK: Keeping EM + Diverse Manager Initiatives Top of Mind as the World Changes

Using the key tenets from the Fiduciary Guide to Investing with Diverse Managers and Firms as a point of reference, we'll examine how top teams stay the course, especially in uncertain times. Are there clear fiduciary standards to follow? How do institutional investors navigate governance issues? Board and staff rotation? Local and national politics? How do they collaborate to create sound EM investments and policy?

4:30 – 5:15 PM

LET'S TALK PERFORMANCE

With EM investment strategies maturing, metrics and reporting processes in place, and increased distributions targeted, better assess the performance of emerging manager initiatives and their underlying managers.

Explore findings from the John S. and James L. Knight Foundation commissioned report analyzing MWBE firms in the U.S. management industry. With research and reporting by Professor Josh Lerner (Harvard Business School) and Bella Research Group, we'll learn more about these findings:

- What is the number of women-owned and minority-owned firms and funds and of assets under management?
- How are trends in diverse ownership over time?
- How have diverse-owned firms and funds performed compared to all firms?
- How have different types of investors engaged with diverse-owned firms?

HOW DOES YOUR EM PERFORMANCE STACK UP?

The importance of emerging and diverse manager reporting, performance sharing, and manager due diligence collaboration. Come prepared to talk numbers and identify ways to leverage our collective insights and understanding.

5:15 – 6:00 PM

SHOW ME THE TALENT: Manager Collaborations and Club Deal Concepts

Peer-to-peer small group exchange with a focus on which alpha/next gen manager you are funding and why. We'll look at approaches for manager data sharing to minimize the due diligence process, plus collaborative strategies for getting your managers up the fundraising curb. Tools for LP to LP manager communications—and more. We'll gather by LP asset class and area to make the exchange productive and on point.

3:45 – 6:00 PM

GP Track – EMERGING MANAGER BOOTCAMP

ADVANCED MASTER CLASS – New Rules of the Game

Bring pen and paper. Learn the new rules of the game from allocators and successful managers.



3:45 – 3:50 PM

WELCOME

3:50 – 4:50 PM

THE MANAGER CONTINUUM: Advice from the Field

Listen in on TED-style one-on-ones that will take you from launching and building a firm (not just a fund) to navigating grc challenges and new product development. Hear from respected trailblazers who will generously share their lessons learn candid dialogue — all with the goal of arming more managers with the know-how and determination needed to succeed. Our Master Class sessions will be rich with information; together they deliver a rare and invaluable account of what it takes to build and grow a stand-out organization.

5:00 – 6:00 PM

BOOTCAMP COACHING SESSIONS

Join issues-driven discussions that are LP, Consultant and Fund of Fund led. Dive deeper into your business building and fundraising blueprint with table-side coaches representing active fund of funds, consultants, and allocators. Ten small group facilitated discussions provide managers with a rare opportunity to test the waters with key contacts. Candid commentary on issues relating to fundraising, operations, working with consultants, and more top the agenda.

Co-Investment Partnership – Structuring a Win-Win Deal**Coming Back to Market – Has the Bar Been Moved?****Finding the Right Capital Partner****How to Avoid Landmines and Pitfalls****How to Fit into the “Family”****Predecessor Investment Track Records and Portability – Know when the Numbers Count****Pros and Cons of Programmatic JV Structures****Tackling the F & E Landscape****The 1st and 2nd Fund Conundrum – What it Takes to Break Through****Transition Programs – How do Managers Get In?****Working with a Fund of Funds Partner – Passing Muster**

6:15 – 7:45 PM

NETWORKING RECEPTION

7:00 PM

INSTITUTIONAL INVESTOR VIP DINNER (invitation only)**DAY TWO – Thursday, June 15, 2017**

7:00 AM

REGISTRATION

8:00 AM

WELCOME

8:15 – 9:00 AM

GENERAL SESSION**Leading Women LPs Discuss Market Trends, Portfolio Strategies + Opportunities Ahead**

Responsible for managing billions in assets, our panel of institutional investors will open up and share their thinking about

market trends, strategies they're deploying and what they are most excited about. It's just the type of lean-in conversation prompts those listening to think "really..." and "smart idea." The fact that all members of this powerhouse panel are female to the punch and productive tenor.

9:00 – 10:00 AM

GENERAL SESSION

9:00 AM

REAL TALK: Where LPs are Investing Now + 12-months Out

Don't look at the puck, Wayne Gretzky admonished, focus on where you want it to go. Join a host of allocators with different styles and priorities doing just that. Here's what we'll explore:

- What's Hot, What's Not
- Strategy focus, upcoming allocations
- Where are LPs finding alpha. What kind of managers are they seeking? Is there a product fit?

9:30 AM

REAL TALK | Adopting a Product-Driven Mindset: What GPs Need to Know to Thrive

Just like other businesses, there are one-hit wonders in asset management. Finding ways to ensure sustainable, multi-functional success will be our Real Talk focus. Some teams adopt a product development focus right from the start, to the envy of many. These teams demonstrate a rare appreciation of how to forge a point of difference among LPs by continually developing, launching and managing offerings that meet real market needs. What are proven ways for GPs to stay ahead of new market trends (like the sudden rise of passive funds) and deliver a suite of choices that allocators find enticing.

10:00 – 10:30 AM

VIP Connect Transition

10:30 AM – 12:30 PM

VIP CONNECT

GPs and LPs spoke—and we listened. Longer pitch/meeting times (18 minutes with a 2-minute turn) and a fine-tuned matching system for securing one-on-one meeting times are on the agenda for our 2017 VIP Connect. Over the past 14 years, more than 5,000 GP/LP scheduled one-on-ones have taken place, many garnering long-term GP/LP relationships. The matching platform goes "live" two weeks prior to the event—so get registered and get ready for some meaningful connections and dialogue.

12:30 – 1:00 PM

Networking Break

1:00 – 2:00 PM

POWER NETWORKING LUNCH AND AWARDS

2:00 – 3:15 PM

ACTIVE LEARNING SESSION

We'll crowd-source the key issues, then through a facilitated format, each LP, Fund of Fund or Consultant-led team will take on the issues and identify potential solutions. The format provides for open dialogue and information sharing—especially as each team brings forward what they propose as new thinking for key issues. The exchange is informative, lively and engaging—a perfect post-lunch discussion for ConsortiumEAST.

3:30 – 4:30 PM

ASSET CLASS BREAKOUTS – LET'S TALK STRATEGY AND OPPORTUNITY

In a 'news talk-show' format, listen in as allocators and managers have hard hitting dialogue on trending investment strategies. Hear from LPs on what's in, what's next, what they need. Managers will share strategies and sectors garnering performance and the attention of LPs. The LP/GP dynamic is authentic, as each allocator and GP have a working relationship. Come ready to participate and share in the open exchange of ideas and forward-thinking opportunities.

**PRIVATE EQUITY | VENTURE | PRIVATE CREDIT
HEDGE FUND
REAL ESTATE | REAL ASSETS | INFRASTRUCTURE
GLOBAL EQUITY | FIXED INCOME | PRIVATE DEBT**

4:30 PM

CONFERENCE CONCLUDES

**Confirmed Speakers**

Meredith Jones, Partner – Aon Hewitt Investment Consulting

Gary Rozier, Senior Vice President – Ariel Investments

Diego Carrillo, Investment Manager – California Public Employees’ Retirement System

Deborah Christie, Managing Director – Cambridge Associates

Michael Miller, Chief Investment Officer – Colonial Consulting, LLC

Sharmila Kassam – Deputy Chief Investment Officer – Employees Retirement System of Texas

Douglas Brown, CIO – Exelon Corporation Pension Fund

Juan F. Martinez, VP/Chief Financial Officer and Treasurer – John S. and James L. Knight Foundation

Jonathan Sotsky, Director of Strategy and Assessment – John S. and James L. Knight Foundation

Victor Hymes, CEO & CIO – Legato Capital Management

Jason Lamin, Founder & CEO – Lenox Park Solutions LLC

Andrew Palmer, CIO – Maryland State Retirement and Pension System

Dana Johns, Senior Investment Analyst – Maryland State Retirement and Pension System

Von Hughes, Managing Director – PAAMCO

Bryan Lewis, CIO – Pennsylvania State Employees’ Retirement System

Cherrise Cederqvist, Vice President – Prudential Investments

Frank Baker, Co-Founder and Managing Partner – Siris Capital

Tracy Harris, Managing Director – Stepstone

Dick Ingram, Executive Director – Teachers’ Retirement System of the State of Illinois

Robert Raben, President – The Raben Group

Thomas Henley, Senior Managing Director – UAW Retiree Medical Benefits Trust

Andrew Junkin, President – Wilshire Consulting

Copyright 2017 | [site design: seven5 seven3 marketing](#) | All Rights Reserved | [photography by Mao Carrera](#)



MEMORANDUM

TO: Oakland Police & Fire
Retirement Board

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

FROM: Teir Jenkins

DATE: April 26, 2017

Katano Kasaine, Plan Administrator of the **Oakland Police and Fire Retirement System** board, requests authorization for reimbursement of travel and/or board education related funds for the event detailed below. Staff has verified that budgeted funds are available for this Staff member to be reimbursed.

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

Travel / Education Event: 2017 IRR Public Funds Roundtable Conference

Event Location: Beverly Hilton, Los Angeles, CA

Event Date: April 26 - 28, 2017

Estimated Event Expense*: \$1,375.00 (estimated)

Notes: _____

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

Respectfully submitted,

Teir, Jenkins, Investment Officer
Oakland Police and Fire Retirement System

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

Attachments (if any):

Resolution #6970

Program Agenda

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved to Form
and Legality

RESOLUTION NO. 6970

ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

TRAVEL AUTHORIZATION FOR PFRS STAFF MEMBER KATANO KASAIN TO TRAVEL AND ATTEND THE 2017 IRR PUBLIC FUNDS ROUNDTABLE CONFERENCE ("2017 IRR CONFERENCE") FROM/ON APRIL 26, 2017 TO APRIL 28, 2017 IN LOS ANGELES, CA WITH AN ESTIMATED BUDGET OF ONE THOUSAND TWO HUNDRED SEVENTEEN DOLLARS (\$1,217.00)

WHEREAS, PFRS Staff Member Katano Kasaine wishes to attend the 2017 IRR Conference in Los Angeles, CA from/on April 26, 2017 to April 28, 2017; and

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

WHEREAS, in compliance with the Board Travel Policy, which requires that PFRS Board/Staff Members seek PFRS Board approval prior to travel; and

WHEREAS, in compliance with the Board Travel Policy, the Board/Staff Member has presented costs for travel, lodging and/or registration fees to the 2017 IRR Conference in the amount of approximately \$1,217.00; and

WHEREAS, Staff Member Kasaine seeks Board approval of the fore mentioned estimated costs to travel to Los Angeles, CA to attend the 2017 IRR Conference from/on April 26, 2017 to April 28, 2017; now, therefore, be it

RESOLVED: Staff Member Katano Kasaine's travel request and estimated budget of \$1,217.00 to attend the April 26, 2017 to April 28, 2017 IRR Conference is hereby approved.

IN BOARD MEETING, CITY HALL, OAKLAND, CA _____

APRIL 26, 2017

PASSED BY THE FOLLOWING VOTE:

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

NOES:

ABSTAIN:

ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY

Institutional Investor

Public Funds Roundtable

April 26-28, 2017 ♦ The Beverly Hilton ♦ Los Angeles, CA

Roundtable Co-Chairs:

Aoifinn Devitt
Chicago Policemen's Annuity and Benefit Fund

Scott Evans, CFA
New York City Retirement System

Advisory Board

Christopher J. Ailman
CalSTRS

Timothy Allen
Tacoma Employees' Retirement
System

Cheryl D. Alston
Employees' Retirement Fund of the
City of Dallas

Arn Andrews
City of San Jose Department of
Retirement Services

Jagdeep Singh Bachher
University of California

Carlos Borromeo
Arkansas Public Employees'
Retirement System

Derek M. Brodersen, CFA
Alberta Teachers' Retirement Fund

Gary Bruebaker
Washington State Investment Board

Jerome Burns
Michigan Municipal Employees
Retirement System

T.J. Carlson
Texas Municipal Retirement System

Vijoy Paul Chattergy
Hawaii Employees' Retirement
System

Matthew Clark, CFA
South Dakota Investment Council

William J. Coaker
San Francisco City & County
Employees' Retirement System

Elizabeth Crisafi
San Diego City Employees' Retirement
System

Bruce H. Cundick
Utah Retirement Systems

Michelle Cunningham, CFA
CalSTRS

Steve Davis
Sacramento County Employees'
Retirement System

Aoifinn Devitt
Chicago Policemen's Annuity and
Benefit Fund

Jonathan Grabel
New Mexico Public Employees'
Retirement Association

Robert Jacksha
New Mexico Educational Retirement
Board

Rodney June
Los Angeles City Employees
Retirement System

Farouki Majeed
School Employees Retirement System
of Ohio (SERS)

Sam Masoudi
Wyoming Retirement System

Robert M. Maynard
Public Employee Retirement System
of Idaho

Christopher McDonough
State of New Jersey Investments

Andrew Palmer
Maryland State Retirement and
Pension System

David Peden
Kentucky Retirement Systems

Mansco Perry, III, CFA, CAIA, CIPM
Minnesota State Board of Investment

Donald Pierce
San Bernardino County Employees'
Retirement Association

Timothy Price, CFA
Contra Costa County Employees'
Retirement Association

Sarah Samuels
Massachusetts Pension Reserves
Investment Management Board
(MassPRIM)

Stephen Sexauer
San Diego County Employees
Retirement Association

J. Scott Simon
Fire & Police Pension Association of
Colorado

Ajit Singh
Houston Firefighters' Relief and
Retirement Fund

Jon Spinney
New Brunswick Investment
Management Company

Lorrie Tingle
Public Employees' Retirement System
of Mississippi

Tom Tull, CFA
Employees Retirement System of
Texas

David Villa
State of Wisconsin Investment Board

Ashbel C. Williams
State Board of Administration of
Florida

Steve Yoakum
Public School & Education Employee
Retirement Systems of Missouri

The Twilight Zone

During a period of unprecedented geopolitical challenges, negative real interest rates and low yields across all asset classes, investment portfolios have become particularly complex to manage. Faced with the dilemma of either lowering expectations and/or increasing risks, how can plan sponsors invest for the long term when the near and intermediate term assumptions are meaningfully lower? If a more aggressive approach is required to meet mandated obligations, will investors pay for these strategies or, instead, build out their passive allocations? And how will the capital markets and, subsequently, public plan portfolios feel the impact of a new Trump administration in tandem with a Republican controlled Congress?

The closed-door, private 2017 *Public Funds Roundtable* will explore trending sets of challenges amid a backdrop of continuous industry disruption – and the high bar for returns that public funds must achieve nonetheless.

Tuesday, April 25, 2017 (Pre-Roundtable)

4:30

Registration for Public Plan Sponsors

5:00

Human Capital: The Critical Asset

The top CIOs of tomorrow will be made – or unmade – by their teams. As David Swensen proves at Yale, finding, fostering, and leveraging talent is a precondition for long-haul innovation and alpha. But human capital is the least discussed key to investing. No longer. Join leaders from Public investment funds for a deep, bracingly honest, dive into building teams that make strong portfolios.

Matthew L. Clark, State Investment Officer, South Dakota Investment Council

David Villa, Chief Investment Officer, State of Wisconsin Investment Board

Additional speakers to be announced.

6:00 -8:00

Welcome Reception & Dinner for All Delegates at the Beverly Hilton Aqua Star Pool

Wednesday, April 26, 2017

7:15 – 8.15

Buffet Breakfast and Registration

8:15 - 8:30

Welcome and Introductory Remarks

Robin Coffey, Executive Director, Institutional Investor Memberships

Scott C. Evans, Deputy Comptroller for Asset Management & Chief Investment Officer, New York City Retirement Systems

8:30- 9:15

It's a Mad, Mad World

Tectonic shifts around the globe continue unabated. This has been highlighted by the recent U.S. elections, Brexit, an uptick in terrorism, growing political instability, persistent low growth and interest rate uncertainty. But at the end of the day, mandated pension obligations must be met. Specifically, how can investors parse through the noise to identify opportunities – and know if it's time to pivot?

Moderator: Josh Friedlander, *Deputy Editor, Euromoney Magazine*

Derek Broderson, *Chief Investment Officer, Alberta Teachers Retirement Fund*

Dame Amelia C. Fawcett, *Chairman, Hedge Fund Standards Board*

Joel Greenblatt, *Managing Partner & Co-CIO, Gotham Asset Management*

Ashbel C. Williams, *Executive Director & Chief Investment Officer, Florida State Board of Administration*

9:15 – 9:45

Case Study: The Texas Teachers' "1 or 30" Fee Structure

The Teacher Retirement System of Texas (TRS) are implementing what they call a "1 or 30" fee structure. As this fee structure is rapidly gaining the attention of both managers and investors, this case study will introduce the "1 or 30" and to explain its basic merits, mechanics and general effects on the expected shape of fees over multiple periods.

Brad Gilbert, *Senior Director of Hedge Funds, Teacher Retirement System of Texas*

James Walsh, *Partner and Head of Portfolio Group, Albourne America LLC*

9.45– 10.15

Coffee Break

10:15 - 11:00

Do Alts GPs Deserve Your Money?

Massive dry powder (private equity), years of weak performance (hedge funds), meager domestic opportunity but bidding wars overseas (infrastructure), unpopularity with members (hedge funds again), and stubborn GP opacity (basically everything): The reasons unwind or pause alts allocations are legion for public funds. So are they enough? And for those who remain alts advocates, what is the argument – and the play?

Moderator: Stephen L. Nesbitt, *Chief Executive Officer, Cliffwater LLC*

Nathanael Benzaken, *CEO, Lyxor Asset Management Inc.*

Adam Berger, *Asset Allocation Strategist, Wellington Management*

Bruce H. Cundick, *Chief Investment Officer, Utah Retirement Systems*

David Villa, *Chief Investment Officer, State of Wisconsin Investment Board*

11:00-11:20

Table Top Discussions

Seated in small groups, delegates will share their views on the previous panel conversation: Agree or disagree, and why? Each table will also be tasked with coming up with a comment they are prepared to share with the entire delegation.

11:20 – 12:15

Dangerous Ideas Labs: Portfolio Construction – When There Is No Alternative...

In small ‘idea lab’ breakout discussion groups, delegates will share creative ways they are using alternative strategies in their portfolios.

1. **Arn Andrews**, *Chief Investment Officer*, City of San Jose Department of Retirement Services
James Walsh, *Partner and Portfolio Analyst*, Albourne America LLC
2. **Jennifer Urdan**, *Managing Director*, Cambridge Associates LLC
Katherine Molnar, *Senior Investment Officer*, Fairfax County Police Officers’ Retirement Systems
3. **Derek Drummond**, *Managing Analyst*, State of Wisconsin Investment Board
Reginald D. Tucker, *Senior Investment Officer, Opportunistic Investments & Absolute Return Strategies*, New York State Common Retirement Fund
4. **Jason Rector**, *Funds Alpha Analyst*, State of Wisconsin Investment Board
Jim Treanor, *Managing Director*, Pavilion Alternatives Group, LLC
5. **Christopher A. Keller**, *Principal, Research*, Summit Strategies Group
Mark Steed, *Deputy CIO/Chief of Staff*, Arizona Public Safety Personnel Retirement Systems
6. **Kathleen K. Barchick**, *Senior Managing Director*, Cliffwater LLC
Fadi J. BouSamra, *Chief Investment Officer*, The Metropolitan Government of Nashville & Davidson County Employee Benefit System

12:15 -1:45

Seated Lunch and Featured Speaker

Behind the Curtain of Trump’s Washington

Prominent political strategist Steve Schmidt gives an unvarnished insider’s perspective on political news of the day, and what it means for Main Street, Wall Street, and Capitol Hill. With no subject off-limits, Schmidt brings his experience, passion, wit and behind-the-scenes anecdotes for a lively discussion on the new Trump Administration.

Steve Schmidt, *Political Analyst*, MSNBC and Renowned Political Strategist

1:45-2:30

Private Parts for Public Funds

As lower returns creep into private markets, fees remain stubbornly high, forcing public funds to reevaluate. How would a market correction or recession impact investments made now, amid high valuations and low interest rates? Is the cost of private equity worth increased scrutiny from the SEC and inflexible GPs? What upside hasn’t been arbitraged away in direct lending – and does the market disappear if Trump follows through with a Dodd-Frank repeal?

Moderator: Patrick Adelsbach, *Founding Partner and Head of Credit Strategies*, Aksia LLC

Jonathan Grabel, *Chief Investment Officer*, State of New Mexico Employees Retirement System

Brett Hickey, *Founder & CEO*, Star Mountain Capital

Rick J. Noel, Partner and Head of Global Specialty Finance, Varde

Steve Sexauer, Chief Investment Officer, San Diego County Employees Retirement Association

2:30-3:05

Featured Speaker

Global Outlook and Investment Implications

Institutional investors are wrestling with rising populism, the risk of increased inflation and currency volatility, protectionism and geopolitical stress, among other issues. This session will explore these issues and their potential investment impact.

Senior Portfolio Strategist, Bridgewater Associates, LP

3:05- 3:30

Coffee Break

3:30-4:15

Case Study: From Limited Partner to Actual Partner?

Despite all the negative press surrounding alternative investments, there are still very positive stories to share. Using a case study format these speakers will provide insight on how they have worked together to jointly build a successful hedge fund program in a highly political environment. Specifically, how they have leveraged each other's core competencies, while, at the same time, emphasized greater alignment of interests to effectively meet shared objectives.

David E. Franci, Managing Director, Absolute Return, San Francisco Employees' Retirement System

John McCormick, Senior Managing Director, The Blackstone Group

4:15-5:00

Concurrent Workshops:

1. Leveraging Volatility

How dynamic is too dynamic? When do volatility plays become too risky? This panel will discuss what strategies investors are using to benefit from volatility, dampen it or otherwise thinking about how to relate or abandon it altogether.

Moderator: Christopher DeMeo, Founding Partner, Nu Paradigm Investment Partners, LLC

Tarik Dalton, Director of Multi-Strategy, North Carolina Department of State Treasurer

Neil Rue, Managing Director, Pension Consulting Alliance

Michael Warsh, Managing Director, DGV Solutions

2. Real Assets

For this broad group of investments – including energy, real estate, infrastructure, natural resources and commodities – what will be the effect of rising interest rates? How can dislocations in the energy sector be exploited? Where are we in the real estate market cycle, publicly and privately? Why are institutions continuing to allocate money to core infrastructure and how does one obtain better transparency, lower fees and more flexible terms? Are commodities a buy – or buyer beware?

Moderator: Prashant Tewari, Principal, The Townsend Group

David Kaposi, Chief Investment Officer, Ontario Power Generation

Mary Ludgin, Global Head of Research, Heitman Real Estate Investment Management

Tom Tull, Chief Investment Officer, Employees Retirement System of Texas

5:45

Meet in Hotel Lobby for Departure to the Beverly Hills Hotel

6:00-9:00

Reception & Dinner at the Beverly Hills Hotel

Affectionately known as the ‘Pink Palace’, The Beverly Hills Hotel is famous for legendary service and legendary guests. Over the last century, Hollywood stars have enjoyed the timeless glamour of this dramatically beautiful setting, drawn in by the relaxed surroundings and seamless service. Located on Sunset Boulevard, in the center of Beverly Hills, the hotel is surrounded by 12 acres of lush, tropical gardens and exotic flowers. Remaining faithful to the original architecture and interior design, the property has been carefully renovated to preserve its supreme level of comfort and flair.

Thursday, April 27, 2017

7:15 - 8:30

Private Breakfast and Conversations:

• Canadian Plan Sponsors

These private sessions are for informal dialogue among Canadian plan sponsors. Focus topics will be provided in advance, based upon audience suggestions.

Breakfast Chair:

James Davis, Chief Investment Officer, OPTrust

• Women in Investing

Recognizing the depth of talent among the women who attend this gathering, we welcome those asset allocators and investment consultants to join us in a closed-door session. During this time we will encourage discussion of common professional and personal experiences in order for female peers to build a stronger network of relationships and support, thereby maximizing their impact and contributions to the industry.

Breakfast Chairs:

Sharmila Kassam, Deputy Chief Investment Officer, Employees Retirement System of Texas

Misti Preziosi, Former Chief Investment Officer, Office of the State Treasurer Mississippi

7:30 – 8:30

Buffet Breakfast and General Registration

8:30 - 8:45

Welcome and Introductory Remarks

Robin Coffey, Executive Director, Institutional Investor Memberships

Aoifinn Devitt, Chief Investment Officer, Chicago Policemen’s Annuity and Benefit Fund

8:45 - 9:20

Did Secular Stagnation Die on Nov 8th?

Despite recent market sentiment that a Trump victory means a massive fiscal stimulus for the US, plus higher inflation and higher rates, the Chief Economist at Manulife Asset Management, Megan Greene, will argue that the stimulus is likely to disappoint and potential growth is unlikely to budge. This period of oversupply and with it low growth, low inflation and low rates, is likely to persist for a number of years. And that has big implications beyond America's borders.

Megan Greene, *Chief Economist and Managing Director, Manulife Asset Management*

9:20-10: 00

Oh Canada!

Today's Asset Allocation Best Practices in Canada's Largest Pension Funds

Most U.S. pension plans now have a keen understanding that adaptation and structural transformation are required for pension fiscal sustainability. What can we learn from the Great North? According to The Economist magazine, Canada's largest public pension funds "have won the attention both of Wall Street firms, which consider them rivals, and institutional investors, which aspire to be like them." This session will discuss their current approach to asset allocation. What are they focusing on in the current environment? Which best practices are they actually implementing?

Moderator: Alain Bergeron, *Senior Vice President, Investments, Mackenzie investments*

Ed Cass, *Senior Managing Director and Chief Investment Strategist, Canada Pension Plan Investment Board (CPPIB)*

Daniel Garant, *Chief Investment Officer, PSP Investments*

Michael Wissell, *Senior Vice-President, Portfolio Construction, Ontario Teachers' Pension Plan*

10:00-10:20

Table Top Discussions

Seated in small groups, delegates will share their views on the previous panel conversation: Agree or disagree, and why? Each table will also be tasked with coming up with a comment they are prepared to share with the entire delegation.

10:20-10:45

Coffee Break

10:45-11.00

Investing for the Future: A Roadmap for Focusing Capital on the Long Term

Since the 2008 financial crisis, there has been plenty of discussion about the perils of short-termism, but concerted action to remedy them is lagging. The single most realistic and effective way to move forward is to change the investment strategies and approaches of the players who form the cornerstone of our capitalist system: the big asset owners...Action must start with them. If they adopt investment strategies aimed at maximizing long-term results, then other key players—asset managers, corporate boards, and company executives—will likely follow suit. This presentation by one of the key initiators of this concept - Canada Pension Plan Investment Board - will explore ways and provide practical solutions to reorienting portfolio strategies and investment management to focus capital on the long term.

Lars Mueller, *Senior Portfolio Manager, Canadian Pension Plan Investment Board (CPPIB)*

11:00-11:45

Innovative Asset Allocation: Managing Expectations and Assumptions

Traditional approaches to asset allocation are coming under intense scrutiny, yet there seems a dearth of new paradigms beyond the overused “solution”. The crux of the problem remains: how can allocators increase the probability of earning required rates of return, mitigate the risk of loss, and improve funded status? This panel will explore how industry leaders are re-thinking their asset allocations, investment policy, and strategy in an environment when the only certainty is uncertainty.

Moderator: **Laura B. Wirick**, *Principal/Consultant*, Meketa Investment Group

Jerome Burns, *Chief Investment Officer*, Michigan Municipal Employees Retirement System

David Dowden, *Managing Director*, MacKay Shields

Robert Jacksha, *Chief Investment Officer*, New Mexico Educational Retirement Board

Timothy Price, CFA, *Chief Investment Officer*, Contra Costa County Employees' Retirement Association

11:45 - 12:40

Dangerous Ideas Labs: Innovative Asset Allocation

These think tank discussion groups will discuss and debate the merits of various asset allocation strategies. Delegates will explore how the current market experience impacts thinking about diversification, liquidity, and other portfolio attributes that result from the asset allocation process.

- I. **David Ourlicht**, *Commissioner*, New York State Insurance Fund
 Timothy Sant, *Senior Vice President*, Summit Strategies Group

- II. **Mansco Perry, III, CFA, CAIA, CIPM**, *Executive Director & Chief Investment Officer*, Minnesota State Board of Investment
 David J. Holmgren, *Chief Investment Officer*, Hartford HealthCare

- III. **Leandro Festino**, *Managing Principal/Consultant*, Meketa Investment Group
 Christopher Halvorson, *Investment Officer*, Idaho Endowment Fund Investment Board

- IV. **Misti Preziosi**, *Former Chief Investment Officer*, Office of the State Treasurer Mississippi
 Teresa Troy, *Chief Executive Officer*, Halifax Regional Municipality Pension Plan

- V. **Jon Spinney**, *Acting CIO & VP, Quantitative Investing*, New Brunswick Investment Management Company
 Scott Whalen, *Executive Vice President & Senior Consultant*, Verus

- VI. **Steve Davis**, *Chief Investment Officer*, Sacramento County Employees' Retirement System (SCERS)
 Jay Kloepfer, *EVP, Director of Capital Markets and Alternatives Research*, Callan Associates Inc.

12:40 – 2:15

Seated Lunch & Featured Speaker

The Case for (Edgy) Optimism

We live in a world saturated with bad news and marked by skepticism and pessimism. The 2008–2009 financial crisis only solidified the sense that the global system is dangerously unbalanced, and with Washington unable to craft a coherent vision of the future and a media that latches onto the next crisis, public moods have soured, businesses have taken a “wait and see” attitude, and pessimism has deepened. However, given that the future is inherently unknowable, it’s more than possible that we are giving too much sway to the belief that things are getting worse and not enough credence to just how the future might get better. From technological innovation to healthcare breakthroughs to food security and global stability, the present and the future may be in better shape than we perceive. The case for optimism is a vital ingredient in recognizing the opportunities that abound and seizing them.

Zachary Karabell, *Head of Global Strategies*, Senior Consultant of Envestnet, Inc.; *President*, River Twice Research; *Contributing Editor*, *Politico Magazine* and *Writer* of the regular “Wealth of Nations” column.

2:15 – 2:50

Big Data, Machine Learning and the Implications for Investment Management

Exponential growth in the scale of computation, networking, and usage—and the rapid progress in machine learning and related technologies—has been greatly expanding the reach of information technologies. Resulting data-driven approaches have led to extremely powerful prediction and optimization techniques that hold great promise in many fields, though there are always great challenges. We’ll illustrate those opportunities and challenges, but then discuss how well-designed investment solutions that harness advanced technologies can drive a meaningful evolution of the entire investment process. They can empower allocators to devote time to the highest-value activities, while leveraging curated portfolio, market, and community insights to unlock significant “organizational alpha”—latent value forfeited to organizational inefficiencies.

Karyn Williams, *Head of Client Solutions*, Two Sigma

Alfred Spector, Ph.D., *Chief Technology Officer and Head of the Engineering Organization*, Two Sigma

2.50 – 3:30

Case Study: At U. California, Teamwork is Dreamwork!

In the constantly shifting ecosystem of financial markets, institutional investors strive for ingenuity, adaptability and innovation. Collaboration and cooperation is central to all those qualities. CIO Jagdeep Singh Bachher will provide an in-depth overview on how he and his team have integrated collaboration into every facet their program. This framework has supported the investment office’s overall mission to optimally meet the long-term objectives of their various constituents while also fostering an environment that is both efficient and innovative.

Jagdeep Singh Bachher, *Chief Investment Officer*, University of California

Dr. Ashby Monk, *Executive and Research Director*, Stanford Global Projects Center; *Senior Research Associate*, University of Oxford; *Former Senior Advisor to the Chief Investment Officer*, University of California

3:30-3:45

Coffee Break

3.45-4.30

The Innovators

In today’s vexing investment environment, the term “innovator” is no longer a descriptor as much as a job requirement. What does it mean to be an innovator? How do you throw caution to the wind without throwing common sense out the door? Come hear from our panel of industry thought leaders discuss how they have created investment strategies that push the envelope time and again.

Moderator: Allan R. Emkin, *Founder, Managing Director, Pension Consulting Alliance*

Scott C. Evans, *Deputy Comptroller for Asset Management & Chief Investment Officer, New York City Retirement Systems*

Sam Masoudi, *Chief Investment Officer, Wyoming Retirement System*

Anastasia Titarchuk, *Deputy Chief Investment Officer, New York State Common Retirement Fund*

4:30-5.15

The Shark Tank

Entrepreneurs need more than just a good idea. An in order to turn their dream ideas into reality they must be able to clearly pose the value proposition of their idea to potential investors (i.e., the sharks). However, the Sharks have a goal, too — to get a return on their investment and own a piece of the next big business idea.

Moderator: Cheryl D. Alston, *Executive Director, Employees' Retirement Fund of the City of Dallas*

Elliott Burris, *Co-Founder & CEO, Dynasty.com*

Dr. Michael Rubin, MD, MBA, CFA, *Managing Partner, Sands Capital Ventures*

Nico Sand, *Founder & CEO, Zanbato*

Joseph N. Sanberg, *Co-Founder and Chair of the Board of Advisors, Aspiration Partners, Inc.*

6:00

Departure from Beverly Hilton to Spago Beverly Hills

The flagship establishment in celebrated chef Wolfgang Puck's collection of restaurants, famed Spago Beverly Hills offers California-French cuisine in a striking, vibrant setting.

6:30 - 9:30

Spago Beverly Hills

The flagship establishment in celebrated chef Wolfgang Puck's collection of restaurants, famed Spago Beverly Hills offers California-French cuisine in a striking, vibrant setting.

Friday, April 28, 2017

7:15 – 8.30

Private Breakfast for Heads of Investment Offices

Breakfast Chairs:

Rodney June, *Chief Investment Officer, Los Angeles City Employees' Retirement System (LACERS)*

Sam Masoudi, *Chief Investment Officer, Wyoming Retirement System*

7:45 – 8.45

Buffet Breakfast and Registration

8:45– 9:30

The Search for Alpha: Top Investors Tell You Their Best Ideas

This panel of senior investment executives will put forth, discuss and debate their views regarding the best sources for excess return, while still leaving plenty of time for audience members to poke holes in, or validate, these ideas.

Moderator: Kip McDaniel, *Chief Content Officer and Group Editorial Director, Institutional Investor*

Matthew L. Clark, CFA, Chief Investment Officer, South Dakota Investment Council

Farouki Majeed, Chief Investment Officer, Ohio School Employees Retirement System

Robert M. Maynard, Chief Investment Officer, Public Employee Retirement System of Idaho

Andrew C. Palmer, Chief Investment Officer, Maryland State Retirement and Pension System

9:30 – 10:15

Retirement on the Rocks

Why Americans Can't Get Ahead and How New Savings Policies Can Help

Last year, the elections made it clear that many Americans are angry and worried about their economic security. Families are feeling what we've known for years — they face a number of growing risks today and in their retirement years. The result is massive retirement savings shortfalls, uncertainty, and a dire retirement outlook for most Americans. But, there is a way forward. The presentation will provide a multi-pronged approach to solving the multilayered retirement economic security crisis.

Christian E. Weller, Senior Fellow, Center for American Progress; Professor of Public Policy, McCormack Graduate School of Policy and Global Studies, University of Massachusetts, Boston

10:15 - 10:45

Coffee Break

10:45 - 11:30

Concurrent Workshops:

I. ESG or OMG?!

This panel of thought leaders in the responsible investment community and public policy arena will address post-election challenges and opportunities related to climate change and environmental sustainability; labor and human rights; financial regulation and economic innovation; shareholder rights and the SEC. What are the possibilities, and what should be the priorities, for responsible investors with the new Administration and Congress? How should investors start or adjust thinking about compliance to UNPRI standards with regard to their relationship with their board and/or investment committee? Moreover, in light of this new world order, is there a new road map for investors who want to do good but also must deliver an ROI? This panel will discuss and debate these questions and more.

Moderator: Wendy Walker, Managing Director and Outsourced Chief Investment Officer, Cambridge Associates LLC

Dominic Byrne, Director, Global Equities, Standard Life Investments

Verity Chegar, Vice President, BlackRock

Janine Guillot, Director of Capital Markets Policy & Outreach, SASB

Daniel Ingram, Head of Responsible Investment, BT Pension Scheme Management

The Rev. Kirsten Snow Spalding, Interim Director, California Office and Director, Investor Programs, Ceres

II. Emerging Markets: On the Rise or Out of Bounds?

Although emerging markets looked to be on the rise last year, they've been pushed to the sidelines as the Chinese market has stalled temporarily, Brazil has fallen off the map as the country picks up the pieces after ousting President Dilma Rousseff and India steps to make itself more investor-friendly. Considering how much China contributes to the global markets, what can we expect from the perpetual and literal elephant in the room? Can Latin America regain its footing as the new hotbed of growth?

Moderator: Andy T. Iseri, Senior Vice President, Callan Associates Inc.

Aoifinn Devitt, Chief Investment Officer, Chicago Policemen's Annuity and Benefit Fund

Donald Pierce, Chief Investment Officer, San Bernardino County Employees' Retirement Association (SBCERA)

Michael Rosborough, Investment Director, CalPERS

11:30 – 12:30

Plan Governance: Walking the Walk vs. Talking the Talk

With returns expectations low and rising pension obligations rising, the quality of plans' governance will only become more glaringly obvious. In addition, at the end of the day, behind all investment portfolios are the people who make and oversee them. How can these various players – investment staff, boards and committees, external advisors and plan participants – best align their efforts and interests in order to achieve the optimal outcome? This panel of expert governance thinkers will discuss how they are approaching investment policies, roles and fiduciary responsibilities, trustee education and communication, staff compensation and talent retention. Have their efforts paid off? They will tell-all.

Moderator: Allan C. Martin, Partner, NEPC, LLC

Ryan Parham, Chief Investment Officer, Arizona Public Safety Personnel Retirement Systems

Steve Russo, Executive Director, Indiana Public Retirement System

Ruth Ryerson, Executive Director, Wyoming Retirement System

12:30 - 1: 30

Buffet Luncheon

Roundtable Concludes

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**

INVESTMENT COMMITTEE MEMBERS

Jaime T. Godfrey

Chairman

R. Steve Wilkinson

Member

Steven J. Bernard

Member

AGENDA

**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.*

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

**Wednesday, April 26, 2017 – 10:00 am
One Frank H. Ogawa Plaza, Hearing Room 3
Oakland, California 94612**

- - - ORDER OF BUSINESS - - -

1. **Subject:** **March 29, 2017 PFRS Investment Committee Meeting Minutes**
From: Staff of the PFRS Board

Recommendation: APPROVE March 29, 2017 Investment Committee meeting minutes.
2. **Subject:** **Investment Manager Performance Report – Reams Asset Management**
From: Reams Asset Management

Recommendation: ACCEPT an informational report regarding fund performance for PFRS investments with Reams Asset Management, a Domestic Fixed Income asset class Investment Manager.
3. **Subject:** **Investment Manager Overview – Reams Asset Management**
From: Pension Consulting Alliance

Recommendation: ACCEPT an informational review of Organization and Performance of Reams Asset Management, a Domestic Fixed Income asset class Investment Manager.
4. **Subject:** **Investment Market Overview**
From: Pension Consulting Alliance (PCA)

Recommendation: ACCEPT an Informational Report regarding overview of the global investment market through March 2017.
5. **Subject:** **Preliminary Investment Fund Performance Report for the Quarter Ending March 31, 2017**
From: Pension Consulting Alliance

Recommendation: ACCEPT the Preliminary Investment Fund Performance Report for the Quarter Ending March 31, 2017.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
SPECIAL INVESTMENT COMMITTEE MEETING
APRIL 26, 2017**

ORDER OF BUSINESS, continued

6. **Subject:** **PFRS Fund Asset-Liability Study**
From: Pension Consulting Alliance
-
- Recommendation:** **RECOMMEND BOARD APPROVAL** of a recommendation by Pension Consulting Alliance of an asset allocation distribution for the PFRS Investment Fund developed from the PFRS Asset-Liability Study Model.
7. **Subject:** **Watch Status Update – DDJ Capital Management, LLC**
From: Pension Consulting Alliance
-
- Recommendation:** **RECOMMEND BOARD APPROVAL** of removal from watch status for DDJ Capital Management, LLC.
8. **Open Forum**
9. **Future Scheduling**

D R A F T

PFRS Investment & Financial Matters Committee Minutes

March 29, 2017

Page 1 of 2

A SPECIAL INVESTMENT AND FINANCIAL MATTERS COMMITTEE MEETING of the Oakland Police and Fire Retirement System (“PFRS”) was held March 29, 2017 in Hearing Room 3, One Frank Ogawa Plaza, Oakland, California.

- Committee Members Present: • Steven Wilkinson, Member
• Steven J. Bernard, Member
- Committee Members Absent: • Jaime T. Godfrey, Chairman
- Additional Attendees: • Pelayo Llamas, Deputy City Attorney / PFRS Legal Counsel
• David Low & Teir Jenkins, Staff Member
• David Sancewich and Sean Copus, Pension Consulting Alliance (PCA)
• Jack O’Connor and John Sherman, DDJ Capital Management, LLC

Chairman Godfrey was absent from the Committee Meeting. Member Wilkinson acted as Chairman Pro Tem in Chairman Godfrey’s absence.

The meeting was called to order at 10:24 AM.

1. **Approval of Investment Committee meeting minutes** – Member Bernard made a motion to approve the February 22, 2017 investment committee meeting minutes, second by Chairman Pro Tem Wilkinson. Motion passed.

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

2. **Investment Manager Performance Report-DDJ Capital Management, LLC** – Jack O’Connor and John Sherman from DDJ Capital Management, LLC, a domestic fixed income asset manager, presented a review of the PFRS investment portfolio managed by their firm. PFRS Investment Officer Teir Jenkins reported that the PFRS Investment Assets with this firm are in high yield, commingled investment funds and, therefore, are not subject to PFRS Local Broker restrictions for fund trading. Following the presentation and some discussion between the Committee and the investment manager, Member Bernard made a motion to accept the informational report from DDJ Capital Management, LLC, second by Chairman Pro Tem Wilkinson. Motion passed.

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

3. **Investment Manager Overview – DDJ Capital Management** – Sean Copus from Pension Consulting Alliance, presented an overview of DDJ investment performance and management notes of their firm. Mr. Copus reported that DDJ had been on Watch Status due to management changes since May 2016 and would be presenting a report at the April 2017 meeting to follow-up on this matter. After some board discussion, member Bernard made a motion to accept the informational report from PCA, second by Chairman Pro Tem Wilkinson. Motion passed.

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

4. **\$15.0 million 2nd Quarter 2017 Member Benefits Drawdown** – Mr. Copus presented the details of the \$15.0 million 2nd Quarter 2017 Member Benefits Drawdown. Member Bernard made motion to recommend Board approval of the \$15.0 million 2nd Quarter 2017 Member Benefits Drawdown, second by Chairman Pro Tem Wilkinson. Motion passed.

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

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

[GODFREY – ABSENT / WILKINSON – Y / BERNARD – Y]

D R A F T

D R A F T

PFRS Investment & Financial Matters Committee Minutes

March 29, 2017

Page 2 of 2

(AYES: 2 / NOES: 0 / ABSTAIN: 0)

6. **PFRS Fund Asset-Liability Study** – Mr. Sancewich reported that he was instructed by the PFRS Board at its February 22, 2017 meeting to present his asset-liability report and three (3) recommendations for a new asset allocation strategy at this meeting. Mr. Sancewich presented the details of his individual Asset Allocation recommendations for the Investment Committee. Following committee discussion, Member Bernard made a motion to recommend board approval of the recommendation by PCA for a new asset allocation plan for the PFRS fund, second by Chairman Pro Tem Wilkinson. Motion passed.

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

7. **Resolution No. 6957 - Resolution modifying the Agreement with EARNEST Partners, LLC** – The committee and staff discussed the expiration of the second of three approved one-year service agreement extensions between EARNEST Partners and PFRS. Teir Jenkins, PFRS Investment Officer, and Pelayo Llamas, PFRS Legal Counsel, explained the planned action revise the Service Agreements with PFRS investment managers to amend the TERMINATION section of the service agreements to create unlimited one-year extension options in the City's favor. Mr. Jenkins said this revision would still permit the PFRS board full power to terminate the service agreement with cause while causing an annual service review to be initiated as the extension expires every year. Mr. Sancewich added that the Board requested PCA to review the investment manager fees prior to the approval of the service contract renewals and report any concerns, which he had none. Following Committee discussion regarding exercising a one-year extension to this service agreement, Member Bernard made a motion to recommend board approval of Resolution No. 6957, second by Chairman Pro Tem Wilkinson. Motion passed.

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

8. **Resolution No. 6958 - Resolution exercising a one-year option to extend the Agreement with Fisher Investment** – Member Bernard made a motion to recommend board approval of Resolution No. 6958, exercising a one-year extension to this service agreement, second by Chairman Pro Tem Wilkinson. Motion passed.

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

9. **Resolution No. 6959 - Resolution modifying the Agreement with Northern Trust Investments, N.A.** – Member Bernard made a motion to recommend board approval of Resolution No. 6959, exercising a one-year extension to this service agreement, second by Chairman Pro Tem Wilkinson. Motion passed.

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

10. **Open Forum** – No Report

11. **Future Scheduling** – The next investment committee meeting was scheduled for April 26, 2017.

The meeting adjourned at 11:13 AM

JAIME T. GODFREY, COMMITTEE CHAIRMAN

DATE

D R A F T

Presented to

City of Oakland Police and Fire Retirement System

April 26, 2017

Presented by:

Clark W. Holland, CFA
Portfolio Manager

Jason J. Hoyer, CFA
Fixed Income Analyst



Presenter Biography



Clark W. Holland, CFA
Portfolio Manager

Clark Holland is a portfolio manager at Reams Asset Management. He is a co-portfolio manager of the Scout Core Bond Fund, Scout Core Plus Bond Fund, Scout Low Duration Bond Fund and the Scout Unconstrained Bond Fund. Clark has 23 years of experience as a portfolio manager, analyst, and client service specialist. Prior to joining Reams in 2002, Clark was a portfolio manager and investment product specialist at Wells Fargo Investment Management Group. Mr. Holland earned his master's in business administration from Rice University and his bachelor's degree from Taylor University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Presenter Biography



Jason J. Hoyer, CFA
Fixed Income Analyst

Jason Hoyer is a fixed income analyst at Reams Asset Management. In this role, he is responsible for security research and trading for Reams' credit team. Jason has 14 years of experience as both a fixed income and equity analyst. Prior to joining Reams in 2015, Jason was a senior credit analyst at 40 | 86 Advisors and a director in the research department at Fiduciary Management Associates. Mr. Hoyer earned his bachelor's degree from the University of Michigan. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Agenda

Section

- 1 Organizational Updates
- 2 Fixed Income Market Review
- 3 Client Relationship Overview
- 4 Performance Review
- 5 Portfolio Characteristics
- 6 Investment Themes and Market Insights
- 7 Supplemental Materials



Reams Asset Management

- A trusted investment management partner since 1981
 - Exclusive focus on U.S. fixed income portfolios for institutional clients and individual investors through separate accounts and mutual funds
 - Long-term client relationships are a result of strong historical performance and attentive client service
-

Scout Investments

- Wholly owned subsidiary of UMB Financial Corporation, a multi-billion dollar diversified financial services company with roots tracing back to 1913
 - 31 investment professionals with an average of 20 years of industry experience
 - Striving to deliver relative outperformance over full market cycles
 - Committed to leveraging the unique strengths of its divisions
-



Reams Leadership Team

Investment Committee

Mark M. Egan, CFA (31)

*Chief Investment Officer
Managing Director*

Thomas M. Fink, CFA (31)

Managing Director

Robert A. Crider, CFA (40)

Managing Director

Operations and Administration

David B. McKinney, JD, CPA (37)

President, Reams Division

Daniel P. Spurgeon (21)

V.P. Operations

Greg VanDuesen (21)

Chief Information Officer

Nancy Morey (36)

*Director of Portfolio Systems
and Accounting*

Structured Products

Stephen T. Vincent, CFA (26)

*Portfolio Manager
Structured Products Team Leader*

Credit

Todd C. Thompson, CFA (23)

*Portfolio Manager
Credit Research Team Leader*

Client Services

Deanne B. Olson, CFA (20)

*V.P. Client Services
Client Services Team Leader*

Note: Names of **Key Investment Professionals** are emboldened.

Please see Supplemental Materials for detailed biographies.

(Years of Industry Experience)



Reams Representative Client List

Corporate

American Honda Motor Company
APL Limited
Cummins Inc.
Emerson Electric Company
NCR Corporation
Omaha Public Power District
University of Missouri System
VF Corporation

University/Endowment/Foundation

Trustees of Indiana University
Iowa Board of Regents
University of Kentucky
Purdue University
Regents of the University of Minnesota
University of Wisconsin System

Hospital

University of Colorado Health
Johns Hopkins Health System
NorthShore University HealthSystem
Northwestern Memorial HealthCare
Rehabilitation Institute of Chicago

Sub-Advisory

Christian Brothers Investment Services
Jackson National Life
Prudential Retirement Insurance and Annuity Company
Redwood Asset Management
Russell Investment Management, LLC

Non-Profit

American Heart Association
Archdiocese of Miami
Board of Pensions/Presbyterian Church, USA
Chicago Symphony Orchestra
Cleveland Museum of Art
Veterans of Foreign Wars of the U.S.

Public

Arkansas Teacher Retirement System
Employees' Retirement System of Baltimore County
Indiana Public Retirement System
Indiana State Police Pension Trust
Los Angeles Fire & Police Pension System
City of Milwaukee Employees' Retirement System
Montana Board of Investments
City of Oakland Police & Fire Retirement System
San Francisco Bay Area Rapid Transit District
Santa Barbara County Employees' Retirement System
Sonoma County Employees' Retirement Association
Spokane Firefighters' Pension Fund
Ventura County Employees' Retirement Association

Taft-Hartley

Building Trades United Pension Trust Fund
Carpenters District Council of Kansas City Pension Fund
Carpenters Pension Fund of Illinois
IBEW 8th District Electrical Pension Trust
ILWU-Pacific Maritime Association
Inter-Local Pension Fund, GCC/IBT
Louisiana Carpenters Regional Council Pension Plan



Reams Fixed Income Products

PRODUCTS

Core Plus	\$6.9 billion
Core	\$0.9 billion
Intermediate	\$0.4 billion
Long Duration	\$3.4 billion
Low Duration	\$3.7 billion
Real Return	\$0.5 billion
Ultra Low Duration	\$0.4 billion
Unconstrained	\$6.7 billion
Total Firm AUM	\$22.9 billion

VEHICLES

Separate Accounts

Institutional Commingled Funds:

- Columbus Core Plus Bond Fund
- Columbus Ultra Low Duration Bond Fund
- Columbus Unconstrained Bond Fund

Institutional Mutual Funds:

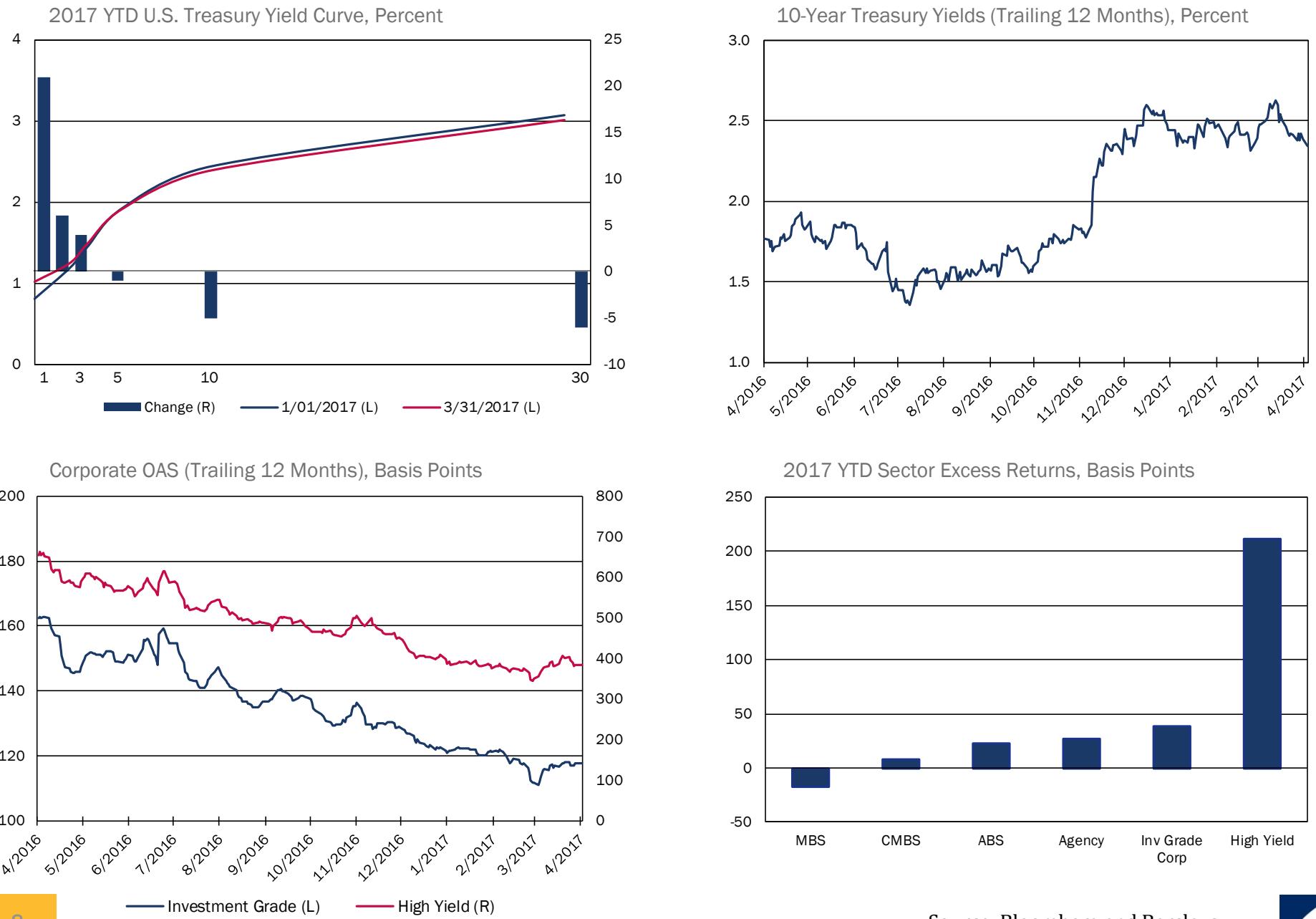
- Scout Core Plus Bond Fund (SCPZX)
- Scout Core Bond Fund (SCCIX)
- Scout Low Duration Bond Fund (SCLDX)
- Scout Unconstrained Bond Fund (SUBFX)

Non-U.S. Mutual Fund:

- Scout Unconstrained Bond Fund (UCITS)

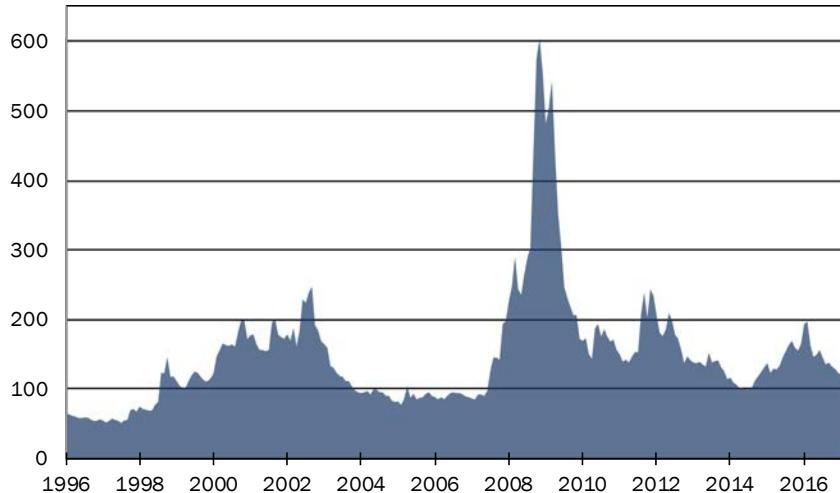


Fixed Income Market Review



Sector Spreads

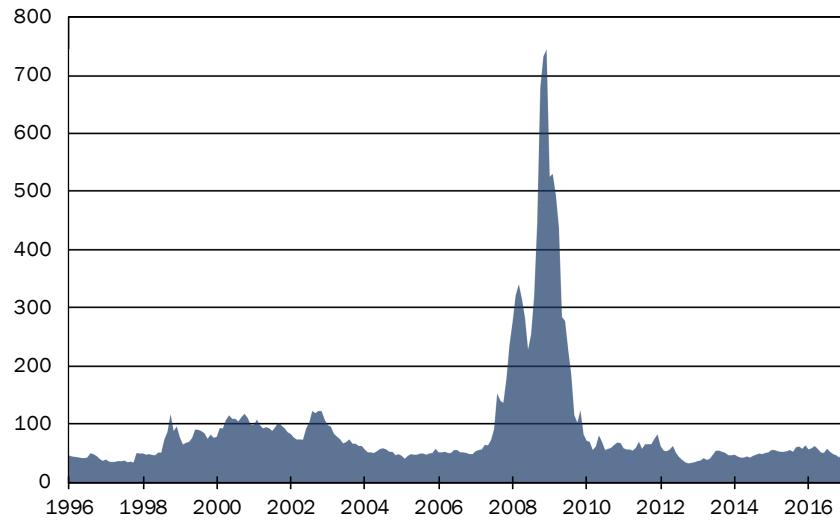
U.S. Corporate, Basis Points



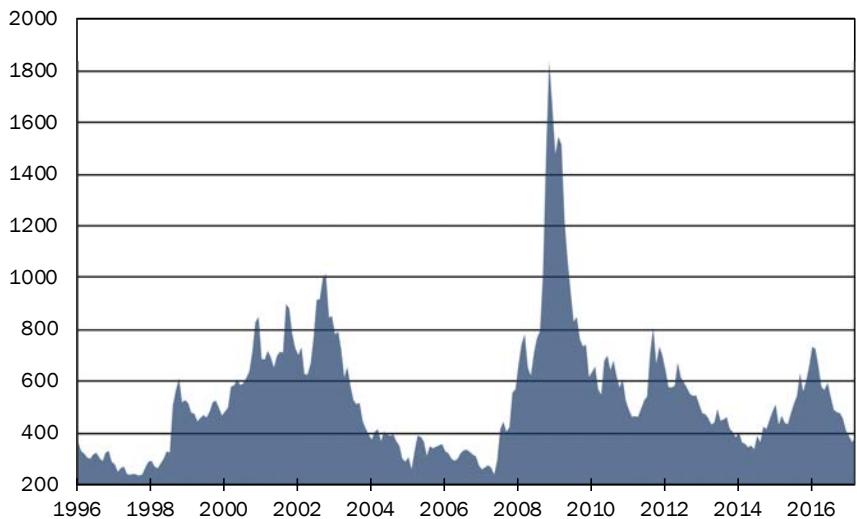
Agency Mortgage-Backed, Basis Points



Asset-Backed, Basis Points



High Yield, Basis Points



Investment Objective and Guidelines

Objective

- To exceed the Barclays Universal Index, net of fees, over a complete market cycle.

Guidelines

- Maximum average portfolio duration is 10 years with a targeted average portfolio duration in the range of 3 to 8 years.
- Maximum remaining term to maturity (per single issue) is 31 years at purchase.
- No single issue shall exceed 10% of the portfolio, excluding government and agency issues.
- No single issue shall account for more than 10% of the outstanding issue, excluding government and agency issuers.
- The portfolio must have an overall weighted average quality of at least BBB-.
- All securities must have a rating of B- or higher (S&P, Moody's or Fitch), using the middle of three or lower of two ratings.
- Credit default swaps are limited to a notional value of 10% of the portfolio.
- Coal-Related Companies are restricted from purchase in the portfolio.

Source: OPFRS Investment Guidelines (Rev. 9/1/2016)



Relationship Summary

City of Oakland Police and Fire Retirement System

Relationship Inception	February 1, 1998
Investment Style	Core Plus Fixed Income
Performance Benchmark	Bloomberg Barclays Universal Index
Financial Data as of March 31, 2017:	
Initial Investment	\$97.5 million
Contributions	\$146.0 million
(Withdrawals)	(\$338.2 million)
Portfolio Gains	\$116.8 million
Portfolio Value	\$22.1 million



Performance Review

For Periods Ending March 31, 2017

	Percent Gain or Loss					
	Quarter Ending	Last 12 Months	Two Years (annualized)	Three Years (annualized)	Five Years (annualized)	Since Inception* (annualized)
City of Oakland Police and Fire Retirement System (a)	0.85	1.20	1.78	2.79	2.95	5.77
City of Oakland Police and Fire Retirement System (b)	0.80	1.00	1.57	2.58	2.75	5.56
Benchmark**	1.09	1.92	1.84	2.99	2.83	5.14

* Inception Date: 2/1/1998

**The benchmark consists of the Bloomberg Barclays U.S. Aggregate Index from 2/1/1998 - 6/30/2006 and the Bloomberg Barclays Universal Index as of 7/1/2006.

(a) Gross of Investment Management Fees

(b) Net of Investment Management Fees (recorded on cash basis)

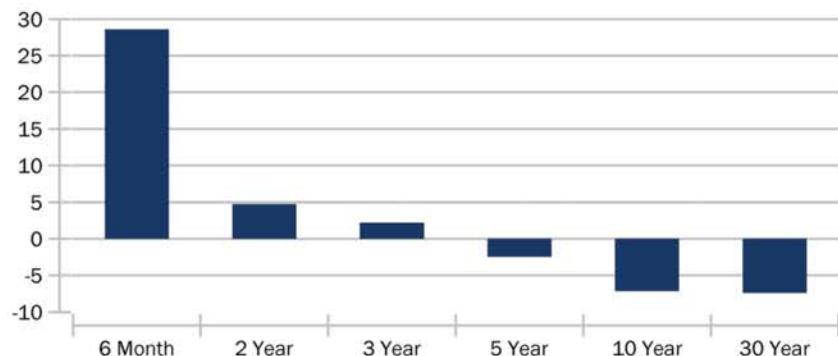


Excess Return Detail

City of Oakland Police and Fire Retirement System: 1/1/2017 - 3/31/2017

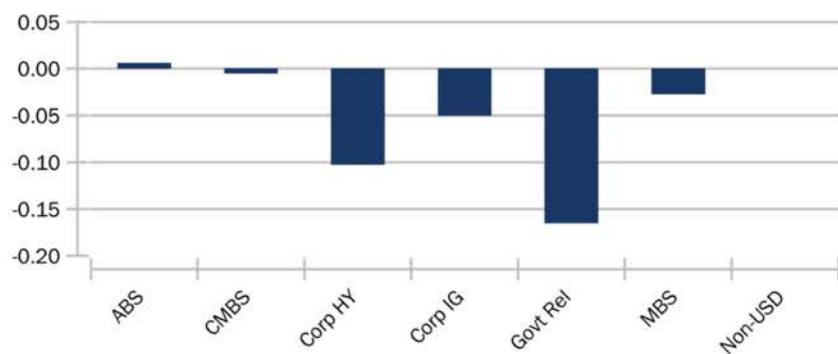
	Portfolio (%)
Total Return	0.85
Index Return	<u>1.09</u>
Excess Return	<u>-0.24</u>
Duration	0.10
Curve	<u>0.00</u>
Total Macro	<u>0.10</u>
Sector Selection	-0.31
Security Selection	<u>-0.04</u>
Total Selection	<u>-0.34</u>

U.S. Treasury Curve Yield Change, Basis Points



Sector	Sector Impact	Security Impact	Total Impact
ABS	0.01	0.00	0.01
CMBS	0.01	-0.01	-0.01
Corp HY	-0.12	0.02	-0.10
Corp IG	-0.03	-0.02	-0.05
Govt Rel	-0.16	0.00	-0.16
MBS	-0.01	-0.02	-0.03
Non-USD	0.00	0.00	0.00
	-0.31	-0.04	-0.34

Total Sector and Security Impact, Percent



Portfolio Characteristics

City of Oakland Police and Fire Retirement System: 3/31/2017

	Portfolio	Index
Total Market Value (\$)	22,087,212	23,127 billion
Avg. Duration (Years)	5.7	5.8
Avg. Convexity	0.52	0.20
Avg. Yield to Worst (%)	2.3	3.0
Avg. Maturity (Years)	7.3	8.0
Avg. Quality	Aa1	Aa3

Quality Structure (% of Portfolio)	Portfolio *	Index
AAA	52.1	60.4
AA	28.9	5.1
A	11.8	11.2
BBB	6.0	14.5
Other	1.3	8.8
Total	100.0	100.0

* The methodology used is consistent with client investment guidelines.

Sector Structure (% of Portfolio)	Portfolio	Index
Treasury	49.2	30.5
Govt Related	0.0	11.9
Mortgage-Backed	28.9	25.6
Asset-Backed	0.6	0.4
Corporate	20.3	31.7
Non-US Dollar	0.0	0.0
Cash and Equivalents	1.0	0.0
Total	100.0	100.0

Duration Distribution (Years)	Portfolio	Index
0 - 1 yr.	0.1	0.0
1 - 3	0.3	0.5
3 - 4	0.2	0.5
4 - 6	1.0	1.5
6 - 8	1.3	1.0
8 +	2.8	2.3
Total	5.7	5.8

Maturity Distribution (%)	Portfolio	Index
0 - 1 yr.	7.8	0.0
1 - 3	18.2	22.5
3 - 5	24.3	21.2
5 - 7	14.0	16.6
7 - 10	26.5	23.8
10 - 20	1.7	5.3
20 +	7.6	10.6
Total	100.0	100.0



Investment Themes

Reams Investment Themes – Corporate Sector

- We are in the late stages of the credit cycle and remain cautious on the credit sector as a whole.
- Despite liquidity concerns, most credit spreads have tightened and there remain few opportunities to add compelling value.
- Global hunt for yield has pushed up valuations as investors have had to assume more credit quality and maturity risk in the quest for incremental income.
- At the macro level, corporate credit quality, as evidenced by interest coverage and debt leverage, has deteriorated. Additionally, increased volume of distressed credits with weaker underwriting standards and covenant packages are also indicative of very late cycle risk-taking behavior.

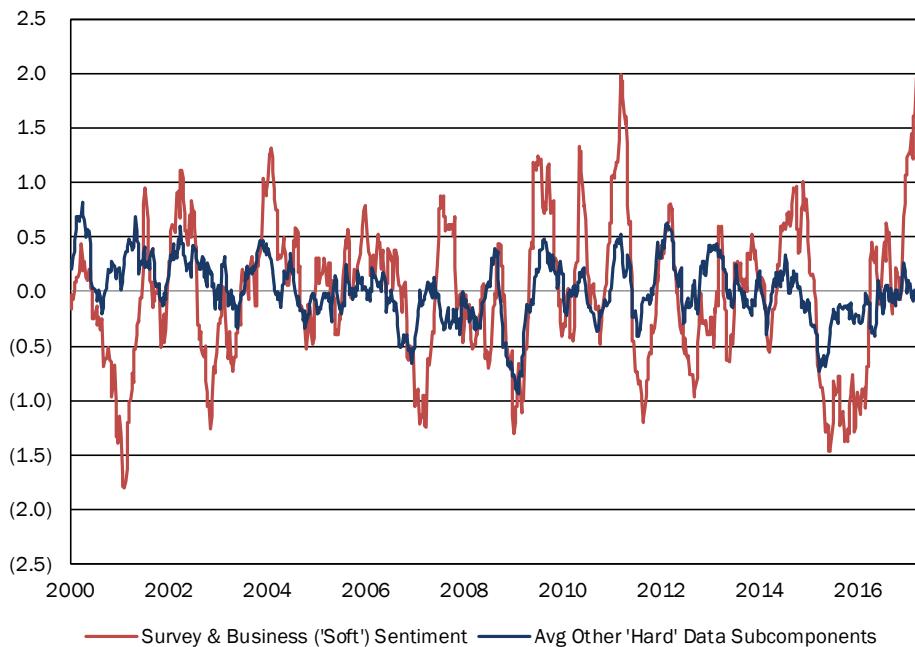
Reams Investment Themes – Securitized Sector

- The agency MBS pass-through market has continued to underperform the Treasury and corporate sectors. On a relative basis, pass-throughs have become more attractive.
- Agency CMBS bonds, backed by multi-family collateral, have solid call protection and attractive total return profiles, especially if they are priced at a discount.
- Concerns about the retail component of the CMBS market have increased. Super-senior CMBS bonds do offer excellent credit protection and good convexity. Although current spreads do not justify broad investment, we continue to be patient and will add bonds opportunistically in this sector.
- ABS spreads are attractive on a risk-adjusted basis, particularly auto ABS with their short average life and stable cash flows.

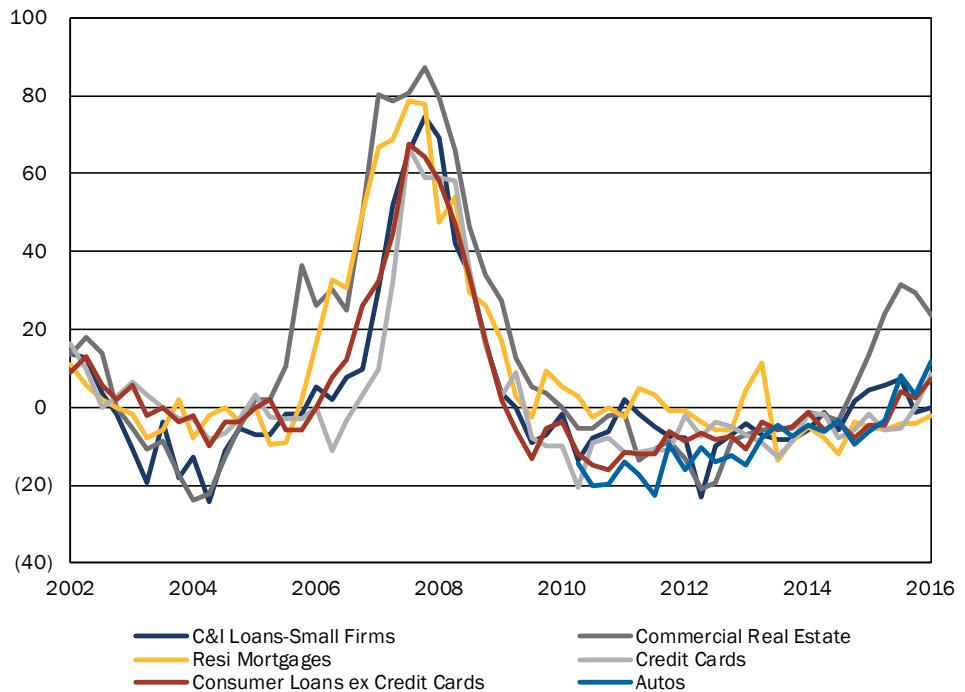


Market Insights

Gap Between Expectations and Activity, Index



Loan Officer Surveys, Percent



- Since the U.S. presidential election, optimism (soft data) has soared based on the hope of effective fiscal stimulus. Financial markets seemed to follow this optimism.
- Real economic activity (hard data) has yet to move higher, thus setting up a risk of disappointment in regard to expectations.

- Most categories of lending are now showing a net tightening in credit conditions. The timing is coincident with actions of the Federal Reserve.
- The recent slowdown in new auto sales and the sharp decline in used car prices may be a reflection of more stringent underwriting.

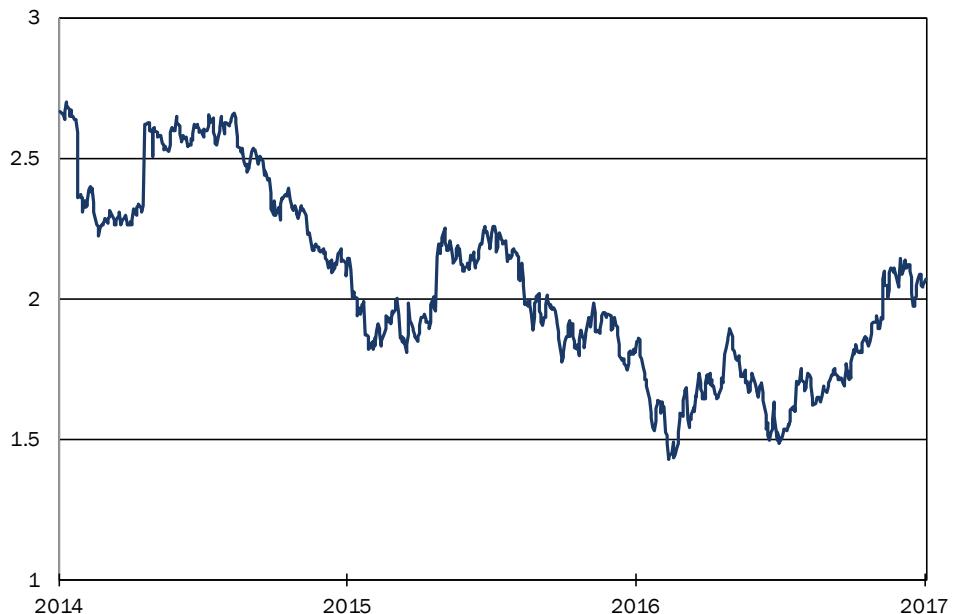


Market Insights

U.S. Dollar Index



U.S. 5-Yr, 5-Yr Forward Inflation Expectation Index



- Domestic manufacturing and capital spending have already been negatively impacted by the U.S. dollar's sharp move in 2015. The recent move higher, led by Fed tightening and election euphoria, may spell more danger ahead for manufacturers.
- Moreover, the dollar's strength will challenge the expectation for higher inflation.
- Inflation expectations started moving higher in the middle of 2016, fueled by the expectation of significant central bank stimulus following the Brexit vote.
- These expectations moved yet higher as the Trump victory ushered in the prospect of significant fiscal stimulus.



Oakland-Based Brokerage Summary

- There was no activity during the first quarter of 2017.
- There was no activity during 2016.



Reams Key Investment Professionals



Mark Egan, chief investment officer, a managing director, and portfolio manager at Reams Asset Management, is the lead portfolio manager of the Scout Core Bond Fund, Scout Core Plus Bond Fund, Scout Low Duration Bond Fund and the Scout Unconstrained Bond Fund. Mark has over 30 years of experience managing fixed income portfolios. Prior to joining Reams in 1990, Mark was a Portfolio Manager at National Investment Services of America. Mr. Egan earned his master's in business administration from the University of Wisconsin – Madison and his bachelor's degree from Marquette University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Tom Fink, a managing director and portfolio manager at Reams Asset Management, is co-portfolio manager of the Scout Core Bond Fund, Scout Core Plus Bond Fund, Scout Low Duration Bond Fund and the Scout Unconstrained Bond Fund. Tom has over 30 years of experience managing fixed income portfolios. Prior to joining Reams in 2000, Tom was a partner with Brandes Fixed Income Partners/Hilltop Capital, and held senior portfolio management roles with Zurich Financial Services in Bermuda and First Wisconsin Asset Management Company. Mr. Fink earned his master's in business administration from the University of Wisconsin – Madison and his bachelor's degree from Marquette University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Bob Crider is a managing director at Reams Asset Management. Bob was a founding partner of Reams and has over 30 years of experience managing fixed income portfolios. Prior to joining Reams in 1981, he worked for Cummins Engine Co., Inc. and the State Teachers Retirement System of Ohio. Mr. Crider earned his master's and bachelor's degrees from Ohio State University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Deanne Olson is vice president of Client Services at Reams Asset Management. In this role, she is responsible for ensuring that Reams' clients receive personalized attention and outstanding client service. Deanne has over 30 years of combined experience in relationship management, administration and community development. Prior to joining Reams in 1997, Deanne was Director of Health Promotion Services at Columbus Regional Hospital. Ms. Olson earned her master's in business administration from Indiana University and her bachelor's degree from Seattle Pacific University. She holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Reams Key Investment Professionals (Cont'd.)



Todd Thompson is a portfolio manager and leads the fixed income credit research team at Reams Asset Management. He is a co-portfolio manager of the Scout Core Bond Fund, Scout Core Plus Bond Fund, Scout Low Duration Bond Fund and the Scout Unconstrained Bond Fund. Todd has 23 years of experience as a fixed income portfolio manager and analyst. Prior to joining Reams in 2001, Todd worked for Conseco Capital Management Company and The Ohio Public Employees' Retirement System. Mr. Thompson earned his master's in business administration from Clemson University and his bachelor's degree from Bob Jones University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Steve Vincent is a portfolio manager and leads the fixed income structured products research team at Reams Asset Management. He is a co-portfolio manager of the Scout Core Bond Fund, Scout Core Plus Bond Fund, Scout Low Duration Bond Fund and the Scout Unconstrained Bond Fund. Steve has 26 years of experience as a fixed income portfolio manager and analyst. Prior to joining Reams in 1994, Steve worked for the Federal Deposit Insurance Corp. and First Security Corporation. Mr. Vincent earned his master's in business administration from Indiana University and his bachelor's degree from Brigham Young University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Clark Holland is a portfolio manager at Reams Asset Management. He is a co-portfolio manager of the Scout Core Bond Fund, Scout Core Plus Bond Fund, Scout Low Duration Bond Fund and the Scout Unconstrained Bond Fund. Clark has 23 years of experience as a portfolio manager, analyst, and client service specialist. Prior to joining Reams in 2002, Clark was a portfolio manager and investment product specialist at Wells Fargo Investment Management Group. Mr. Holland earned his master's in business administration from Rice University and his bachelor's degree from Taylor University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Reams Fixed Income Analysts



Bobby Flynn is a fixed income analyst at Reams Asset Management. In this role, he is responsible for security research and trading for Reams' credit research team. Bobby joined Reams in 2012 and has 5 years of experience in investment research and analysis. Mr. Flynn earned his bachelor's degree in economics from Augustana College. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Trey Harrison is a fixed income analyst and actuary at Reams Asset Management. Prior to joining Reams in 2010, Trey was as an asset-liability portfolio manager at 40|86 Advisors, Inc., played a lead role in the development of in-house asset-liability profiles for CNO Financial Group's individual statutory entities, and served as a modeling actuary for Unum's Asset-Liability Working Group. Mr. Harrison earned a master's degree from Georgia State's J. Mack Robinson College of Business and a bachelor's degree in finance from Georgia Southern University. He holds the Chartered Financial Analyst (CFA) designation, is an Associate of the Society of Actuaries, and is a member of the CFA Institute.



Jason Hoyer is a fixed income analyst at Reams Asset Management. In this role, he is responsible for security research and trading for Reams' credit team. Jason has 14 years of experience as both a fixed income and equity analyst. Prior to joining Reams in 2015, Jason was a senior credit analyst at 40 | 86 Advisors and a director in the research department at Fiduciary Management Associates. Mr. Hoyer earned his bachelor's degree from the University of Michigan. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Reams Fixed Income Analysts (Cont'd)



Patrick Laughlin is a fixed income analyst at Reams Asset Management. In this role, he is responsible for security research and trading for Reams' structured products team. Pat has 22 years of experience in investment research and analysis. Prior to joining Reams in 2004, Pat was a portfolio manager at St. Francis Bank and a director at SF Investment Corp. Mr. Laughlin earned his bachelor's degree from the University of Wisconsin – Stevens Point.



Scott Rosener is a fixed income analyst at Reams Asset Management. In this role, he is responsible for security research and trading for Reams' credit team. Scott has 20 years of experience in investment research and analysis. Prior to joining Reams in 2005, Scott was an investment analyst at the Lincoln Financial Group. Mr. Rosener earned his master's and bachelor's degrees from Indiana University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Kevin Salsbery is a fixed income analyst at Reams Asset Management. In this role, he is responsible for security research and trading for Reams' structured products team. Kevin has 16 years of experience in investment research and analysis. Prior to joining Reams in 2004, he was an investment analyst at 40|86 Advisors. Mr. Salsbery earned his bachelor's degree from Taylor University. He holds the Chartered Financial Analyst (CFA) designation and is a member of the CFA Institute.



Important Disclosures

This presentation is intended for Institutional/Advisor use only. This material is provided for informational purposes only and contains no investment advice or recommendations to buy or sell any specific securities. You should not interpret the statements in this presentation as investment, tax, legal, or financial planning advice. Reams Asset Management obtained some information used in this presentation from third party sources it believes to be reliable, but this information is not necessarily comprehensive and Reams Asset Management does not guarantee that it is accurate. Neither Reams Asset Management nor Scout Investments, its affiliates, directors, officers, employees or agents accepts any liability for any loss or damage arising out of your use of all or any part of this presentation. All investments involve risk, including the possible loss of principal. Graphs or other illustrations are provided for illustrative purposes only and not intended as a recommendation to buy or sell securities displaying similar characteristics. Reams Asset Management is a division of Scout Investments, Inc., a registered investment advisor that offers investment management services for both managed accounts and mutual funds. Scout Investments is a wholly owned subsidiary of UMB Financial Corporation. Additional information is available at www.reamsasset.com or www.scoutinv.com.

The bond quality ratings indicated are assigned by credit rating agencies Standard & Poor's, Moody's, and Fitch as an indication of an issuer's creditworthiness. Unless specified by client investment guidelines, the middle of three or highest of two credit quality ratings available from these rating agencies is used. Credit quality is subject to change. Ratings are measured on a scale that generally ranges from AAA (highest) to D (lowest). Ratings information from Standard & Poor's ("S&P") may not be reproduced. S&P credit ratings are statements of opinion and are not statements of fact or recommendations to purchase, hold, or sell securities, nor do they address the suitability of securities for investment purposes, and should not be relied on as investment advice. S&P does not guarantee the accuracy, completeness, timeliness or availability of any information, including ratings, and is not responsible for errors or omissions (negligent or otherwise). S&P gives no express or implied warranties, including but not limited to any warranties of merchantability or fitness for a particular purpose or use. S&P shall not be liable for any direct, indirect, incidental, exemplary, compensatory, punitive, special or consequential damages, costs, expenses, legal fees, or losses (including lost income or profits and opportunity costs) in connection with any use of ratings.

"UMB" and "Scout"–Reg. U.S. Pat. & Tm. Off. UMB Financial Corporation claims service mark right in "Scout Investments" and "Scout Distributors". Copyright © 2017. UMB Financial Corporation. All Rights Reserved.

NOT FDIC INSURED/ NO BANK GUARANTEE/ MAY LOSE VALUE



MEMORANDUM

Date: April 26, 2017

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: Reams Asset Management – Manager Update

Manager: Reams

Inception Date: 2/28/1998

OPFRS AUM (3/31/17): \$22.1 million (6.2%)

Product Name: Core Plus Fixed Income

Management Fee: 20 bps (\$44,180)*

Investment Strategy: Core Plus Fixed Income

Firm-wide AUM (12/31/16): \$27.3 billion

Benchmark: Bbg. BC Universal

Strategy AUM (12/31/16): \$6.8 billion

*Estimated based on AUM as of 3/31/2017

Discussion

In reviewing Reams, PCA considered investment performance and recent organizational / personnel issues.

Annualized Investment Performance (as of 3/31/2017)

Manager	Mkt Value (\$000)	Asset Class	Quarter	1 YR	3 YR	5 YR	Since Inception	Inception Date*
Reams (Gross of Fees)	22,090	Core Plus F.I.	0.8	1.3	2.8	3.0	5.8	2/1998
Bbg. BC Universal	---	---	1.1	1.9	3.0	2.8	5.1	---
IM Core + Peer Percentile	---	---	94	90	85	88	53	---

* Inception date reflects the first full month after portfolio received initial funding.

As OPFRS's Core Plus Fixed Income manager, Reams has underperformed its Bloomberg Barclays Universal benchmark by (30) basis points over the first quarter of 2017. The portfolio underperformed its benchmark by (60) and (20) basis points over the most recent 1- and 3-year periods, respectively, while outperforming its benchmark over the 5-year period by 20 basis points. Since the initial funding of Reams in early 1998 the portfolio has outperformed the Bloomberg Barclays Universal index by 70 basis points. When compared to its Core Plus Fixed Income peers, the fund has not performed particularly well, ranking in the bottom quartile of the Broad Market

Core+ Fixed Income peer group over the quarter, 1-, 3-, and 5-year periods. Since inception, the fund has ranked slightly below the peer group median.

Organizational Issues

Reams remains a wholly-owned division of Scout Investments (acquired in 2010) and continues to focus exclusively on Core Plus and Core Fixed Income investing. All members of the firm work as a team on all products offered by Reams. There has been minimal turnover within Reams' investment management team over the last several years. In 2015, two analysts left the team, while one new analyst was added, but there has been no portfolio manager turnover over the last several years. PCA does not have any organizational concern with Reams at this time.

Investment Philosophy & Process, per manager

Reams' investment philosophy is based on the premise that volatility is a key driver of performance in the fixed income market. Volatility is usually higher than commonly perceived and is often mispriced in the marketplace. This core belief leads the firm to: focus on long-term value and "total return," employ macro and bottom-up strategies to uncover unique opportunities, and react opportunistically to valuation discrepancies and volatility in the bond market.

Reams manages portfolios using three basic steps, which are best described as a combination of top-down and bottom-up. The first step is to establish the portfolio's overall duration and yield curve characteristics, often referred to as the top-down or macro portfolio characteristics. Reams approaches the duration decision as a valuation problem, utilizing below-benchmark or short-duration portfolios when the market is unattractive or overvalued and above-benchmark or long-duration portfolios when the market is attractive or undervalued. The main tool used to establish value is the real or inflation-adjusted Treasury bond rate. Depending on Reams' assessment of relative values along the yield curve, portfolios may be barbelled, bulleted, or laddered.

The second step of the investment process is to consider sector exposures. Sector exposure decisions are made on both a top-down and bottom-up basis. For most sectors, the bottom-up issue selection process is the major determinant of sector exposure. As securities are analyzed on a risk/return or upside/downside basis, attention is paid to which sectors are producing the most attractive securities. When a number of the most attractive securities are coming from a certain sector, this area will be researched further to determine whether the sector should be consciously overweighted. Conversely, underweighting might result from a predominance of relatively unattractive issues within a sector. In this manner, security selection will tend to determine sector selection, with top-down objectives used mostly for risk control to avoid over-concentration. However, for some more generic parts of the portfolio, such as mortgage pass-throughs or agencies, top-down considerations will drive the sector allocation process as overall sector measures of value, such as spreads or price levels, will be used to make sector decisions. This is more generally the case when credit quality is not an issue.

The third step of the investment process is individual security selection. Reams approaches security selection on a total return basis assuming that the market will exhibit a considerable degree of both interest rate and credit volatility. Therefore, the firm's focus is generally on securities that will benefit from dynamic interest rate and credit environments. Pockets of the market that exhibit good dynamic and structural characteristics may be used intensively, allowing Reams to take advantage of its relatively moderate size.

Reams relies primarily on internal research in the bond selection process. A great deal of emphasis is placed on using scenario analysis as an analytical tool, allowing Reams to determine how each security will perform in a variety of potential interest rate and credit environments. Value is determined based on the distribution of potential returns. The firm's outlook for interest rates, fundamental credit analysis, and option-adjusted spread analysis are the primary tools used when constructing these scenarios. This process identifies which bonds should perform the best under the most likely scenarios. Importantly, this process will also point out those bonds that, while attractive on the surface, are most vulnerable to risks in the bond market and inappropriate for the portfolio. Ultimately, investment opportunities are compared, and the bonds with the highest risk-adjusted return are selected.

DISCLOSURES: This document is provided for informational purposes only. It does not constitute an offer of securities of any of the issuers that may be described herein. Information contained herein may have been provided by third parties, including investment firms providing information on returns and assets under management, and may not have been independently verified. The past performance information contained in this report is not necessarily indicative of future results and there is no assurance that the investment in question will achieve comparable results or that the Firm will be able to implement its investment strategy or achieve its investment objectives. The actual realized value of currently unrealized investments (if any) will depend on a variety of factors, including future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which any current unrealized valuations are based.

Neither PCA nor PCA's officers, employees or agents, make any representation or warranty, express or implied, in relation to the accuracy or completeness of the information contained in this document or any oral information provided in connection herewith, or any data subsequently generated herefrom, and accept no responsibility, obligation or liability (whether direct or indirect, in contract, tort or otherwise) in relation to any of such information. PCA and PCA's officers, employees and agents expressly disclaim any and all liability that may be based on this document and any errors therein or omissions therefrom. Neither PCA nor any of PCA's officers, employees or agents, make any representation of warranty, express or implied, that any transaction has been or may be effected on the terms or in the manner stated in this document, or as to the achievement or reasonableness of future projections, management targets, estimates, prospects or returns, if any. Any views or terms contained herein are preliminary only, and are based on financial, economic, market and other conditions prevailing as of the date of this document and are therefore subject to change.

The information contained in this report may include forward-looking statements. Forward-looking statements include a number of risks, uncertainties and other factors beyond the control of the Firm, which may result in material differences in actual results, performance or other expectations. The opinions, estimates and analyses reflect PCA's current judgment, which may change in the future.

Any tables, graphs or charts relating to past performance included in this report are intended only to illustrate investment performance for the historical periods shown. Such tables, graphs and charts are not intended to predict future performance and should not be used as the basis for an investment decision.

All trademarks or product names mentioned herein are the property of their respective owners. Indices are unmanaged and one cannot invest directly in an index. The index data provided is on an "as is" basis. In no event shall the index providers or its affiliates have any liability of any kind in connection with the index data or the portfolio described herein. Copying or redistributing the index data is strictly prohibited.

The Russell indices are either registered trademarks or tradenames of Frank Russell Company in the U.S. and/or other countries.

The MSCI indices are trademarks and service marks of MSCI or its subsidiaries.

Standard and Poor's (S&P) is a division of The McGraw-Hill Companies, Inc. S&P indices, including the S&P 500, are a registered trademark of The McGraw-Hill Companies, Inc.

CBOE, not S&P, calculates and disseminates the BXM Index. The CBOE has a business relationship with Standard & Poor's on the BXM. CBOE and Chicago Board Options Exchange are registered trademarks of the CBOE, and SPX, and CBOE S&P 500 BuyWrite Index BXM are servicemarks of the CBOE. The methodology of the CBOE S&P 500 BuyWrite Index is owned by CBOE and may be covered by one or more patents or pending patent applications.

The Barclays Capital indices (formerly known as the Lehman indices) are trademarks of Barclays Capital, Inc.

The Citigroup indices are trademarks of Citicorp or its affiliates.

The Merrill Lynch indices are trademarks of Merrill Lynch & Co. or its affiliates.

FTSE is a trademark of the London Stock Exchange Group companies and is used by FTSE under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. No further distribution of FTSE data is permitted with FTSE's express written consent.

PCA INVESTMENT MARKET RISK METRICS

Monthly Report



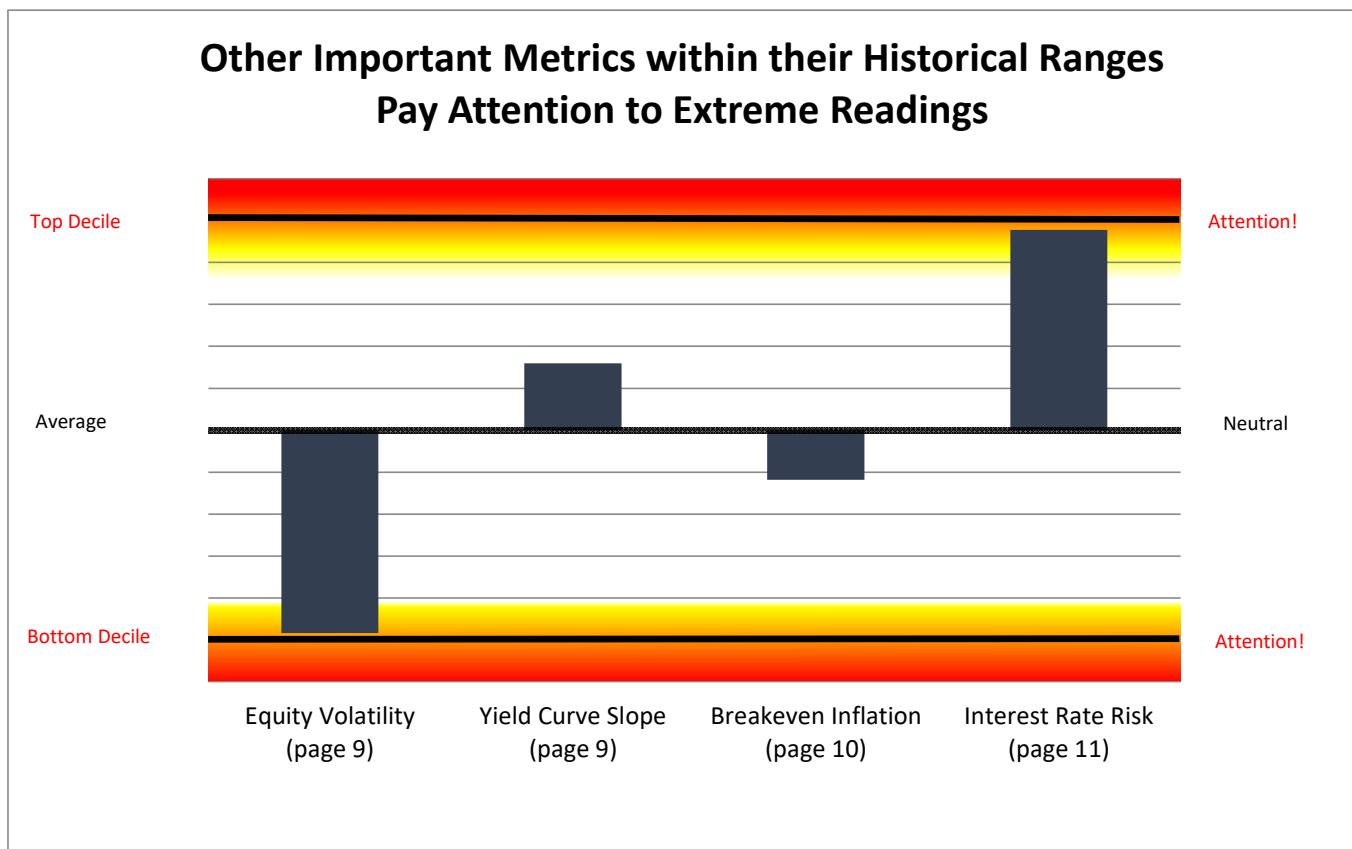
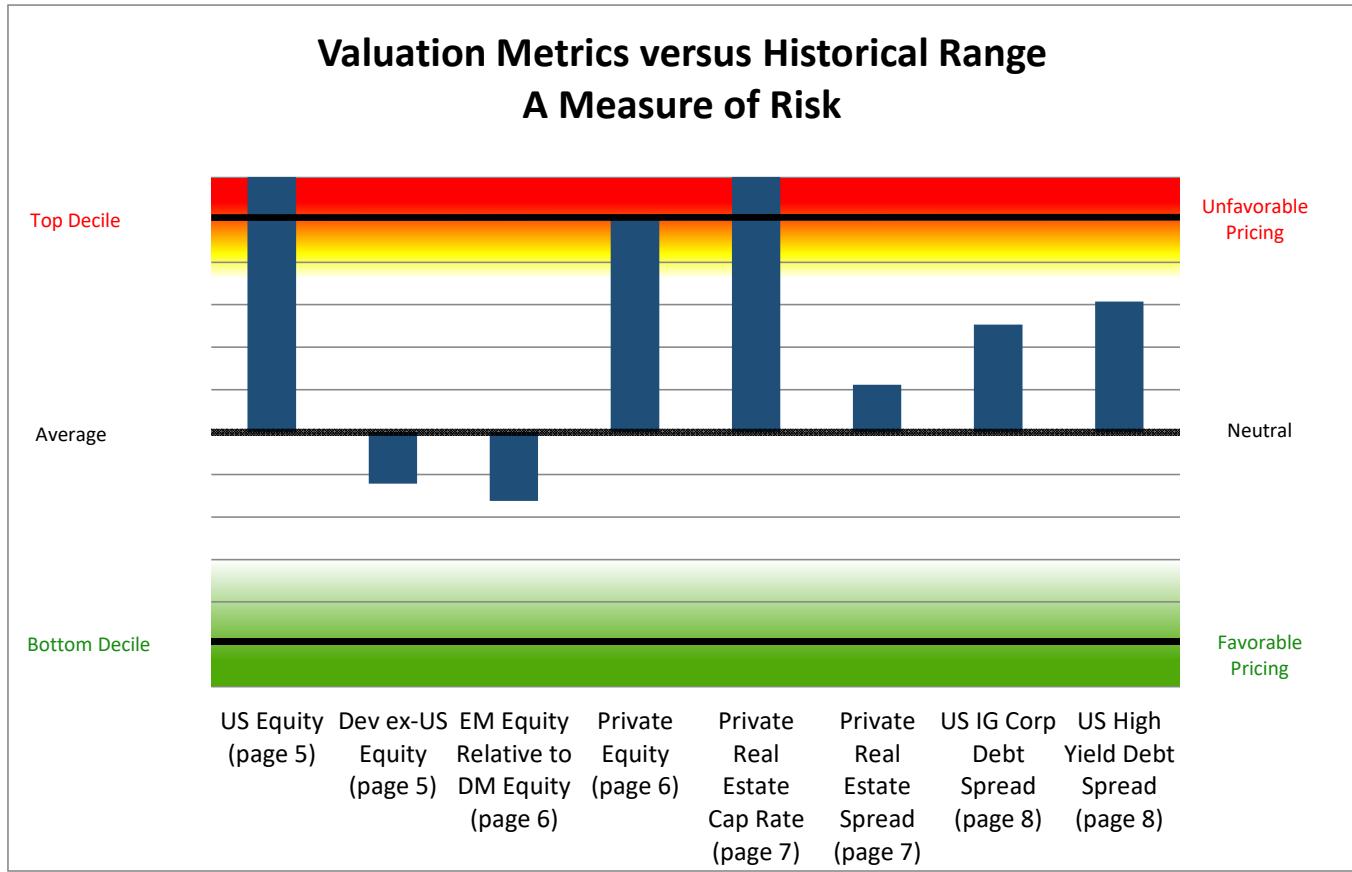
April 2017

Takeaways

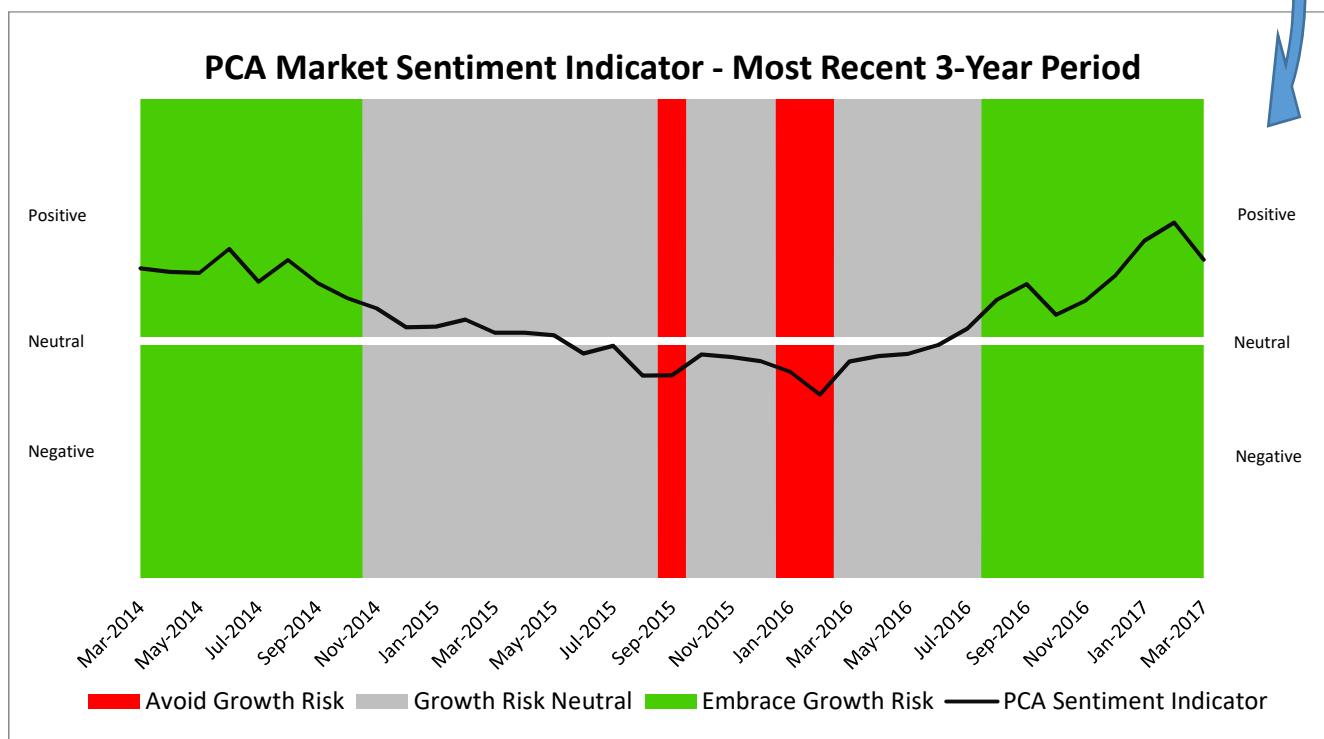
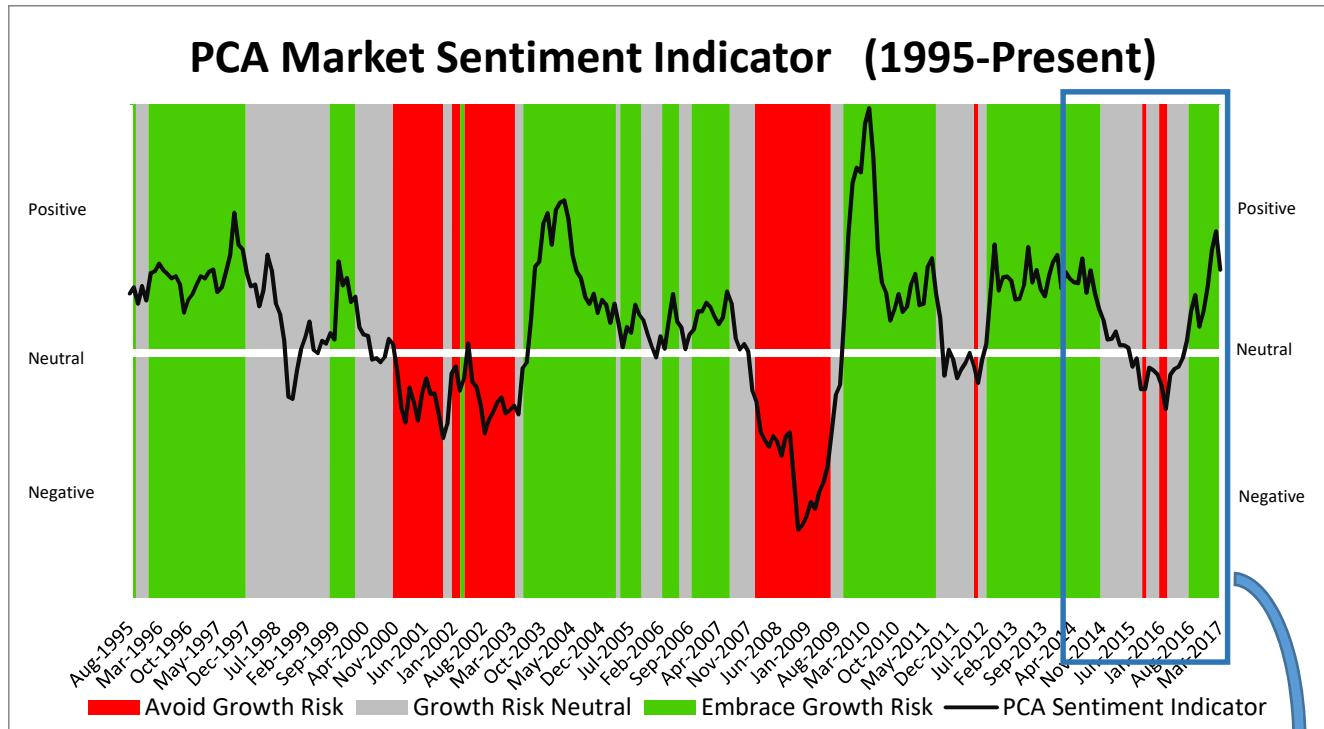
- U.S. public equity valuations (based on normalized price/earnings ratios, page 5) remain at levels only surpassed in the late 1990's tech bubble.
- Non-U.S. developed and emerging market equity valuations remain historically cheap relative to their own histories, and relative to U.S. levels.
- Credit spreads remain tight (risk seeking) in both investment grade and high yield markets.
- With the 10-year Treasury interest rate moving up to 2.4%, spreads between the cap rate on core real estate and the 10-year Treasury rate (a measure of valuation), tightened to levels not seen since before the global financial crisis (expensive).
- The yield curve flattened (short term rates increased and long term rates stayed the same or fell, page 9) in anticipation of further rate increases by the Federal Reserve.
- Inflation indicators remain well behaved, as U.S. dollar strength has kept commodity prices at decade lows. (page 10) Breakeven inflation levels remain stable.
- Equity volatility levels remain near bottom decile levels.
- PCA's sentiment indicator (page 4) remains positive. The sentiment indicator remains solidly **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

Positive	
Positive	
Agree	

Equity Return Momentum Trailing-Twelve Months

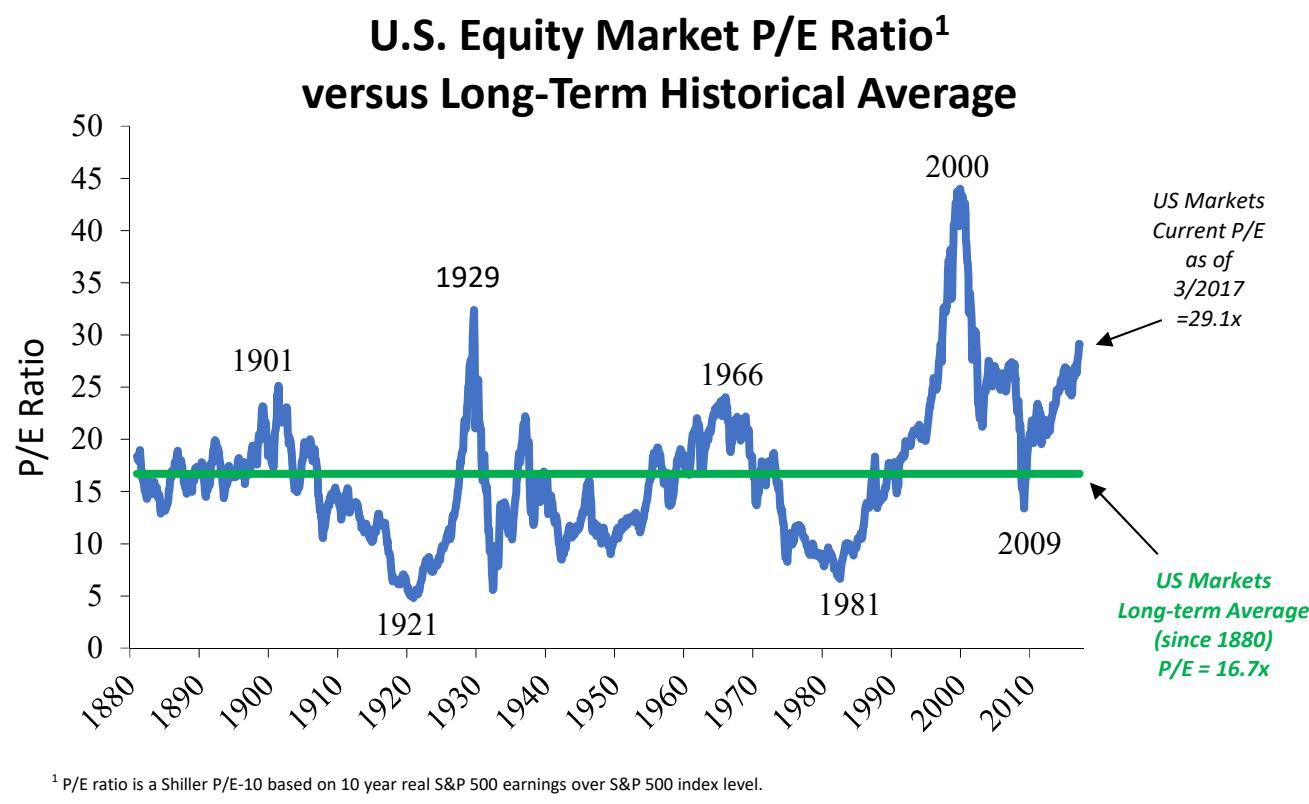
Positive	
Positive	
Agree	

Agreement Between Bond Spread and Equity Spread Momentum Measures

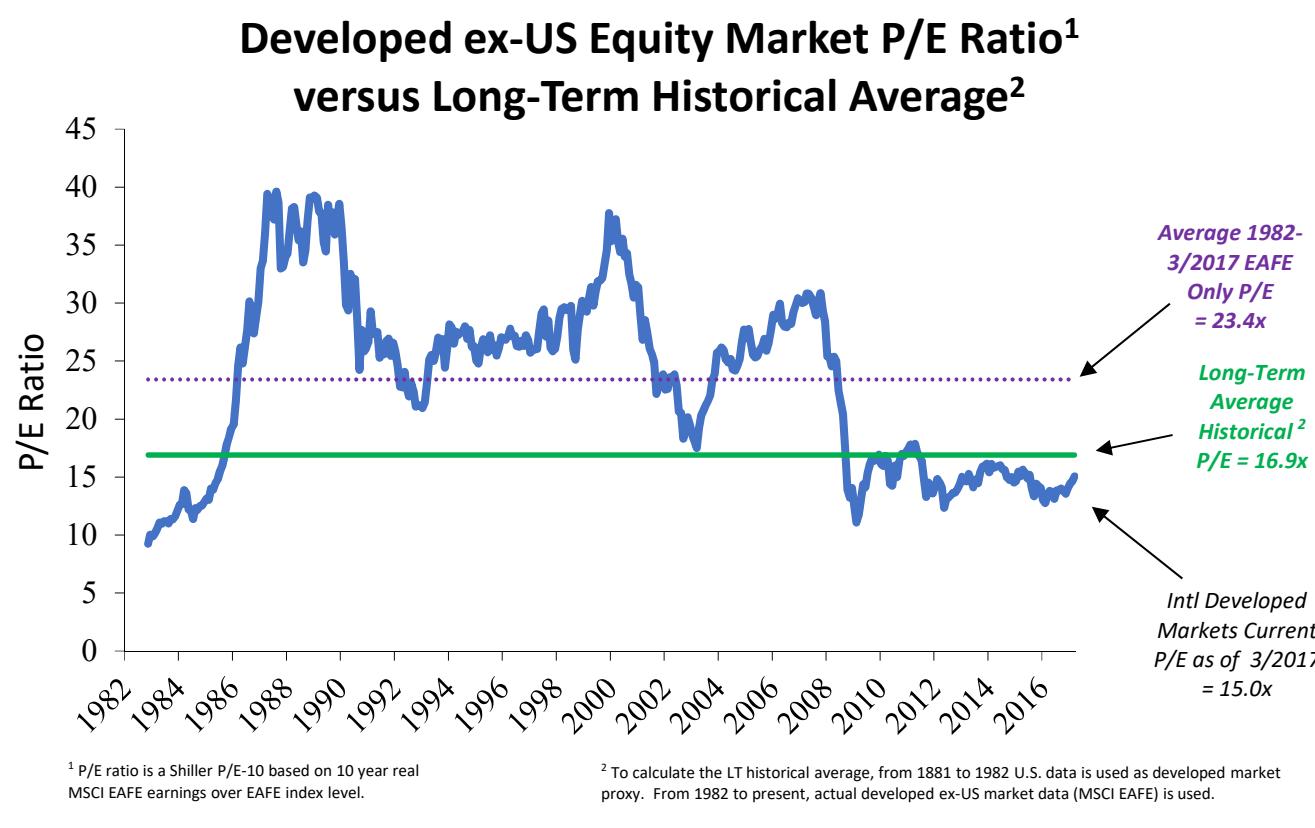
Agree	
Agree	
Agree	

Growth Risk Visibility (Current Overall Sentiment)

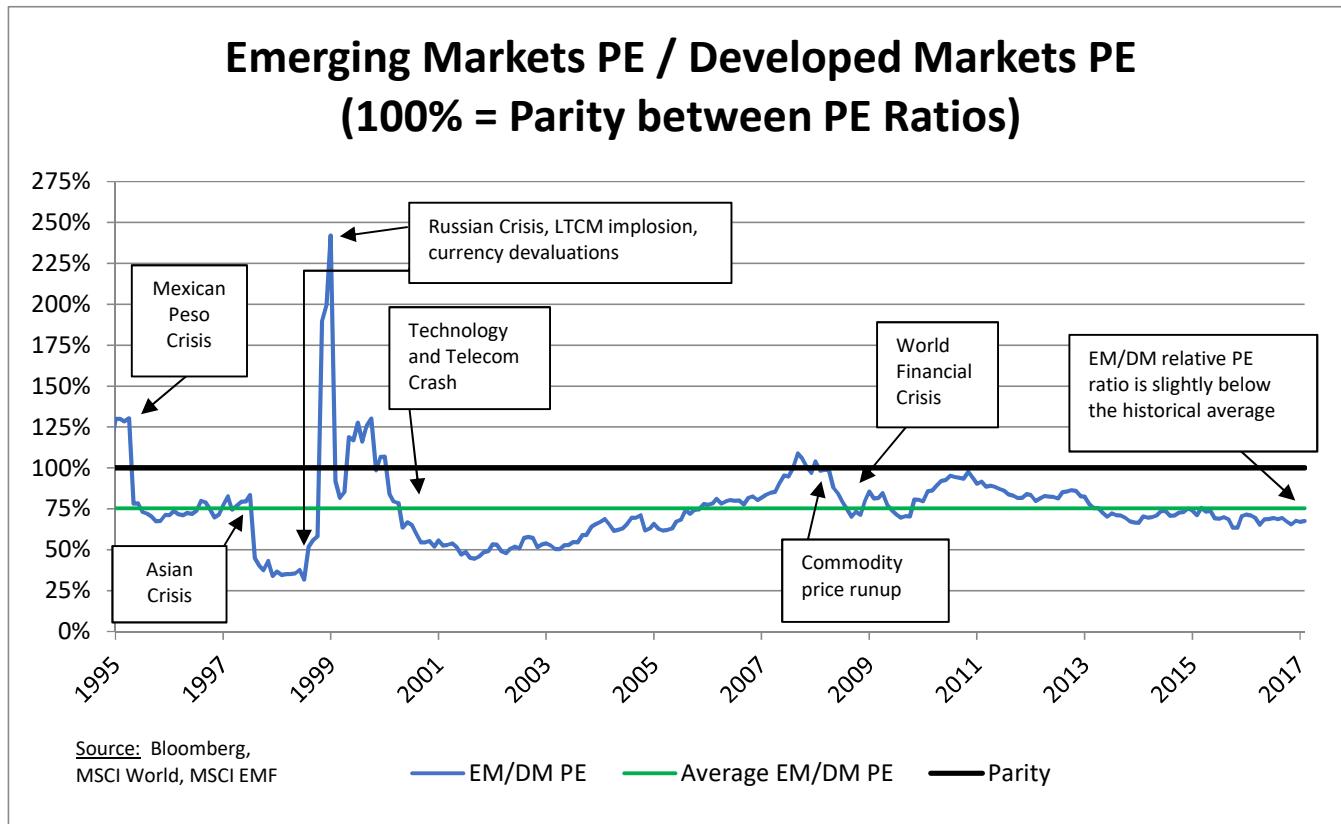
Positive	
Positive	
Agree	

Developed Public Equity Markets

(Please note the different time scales)

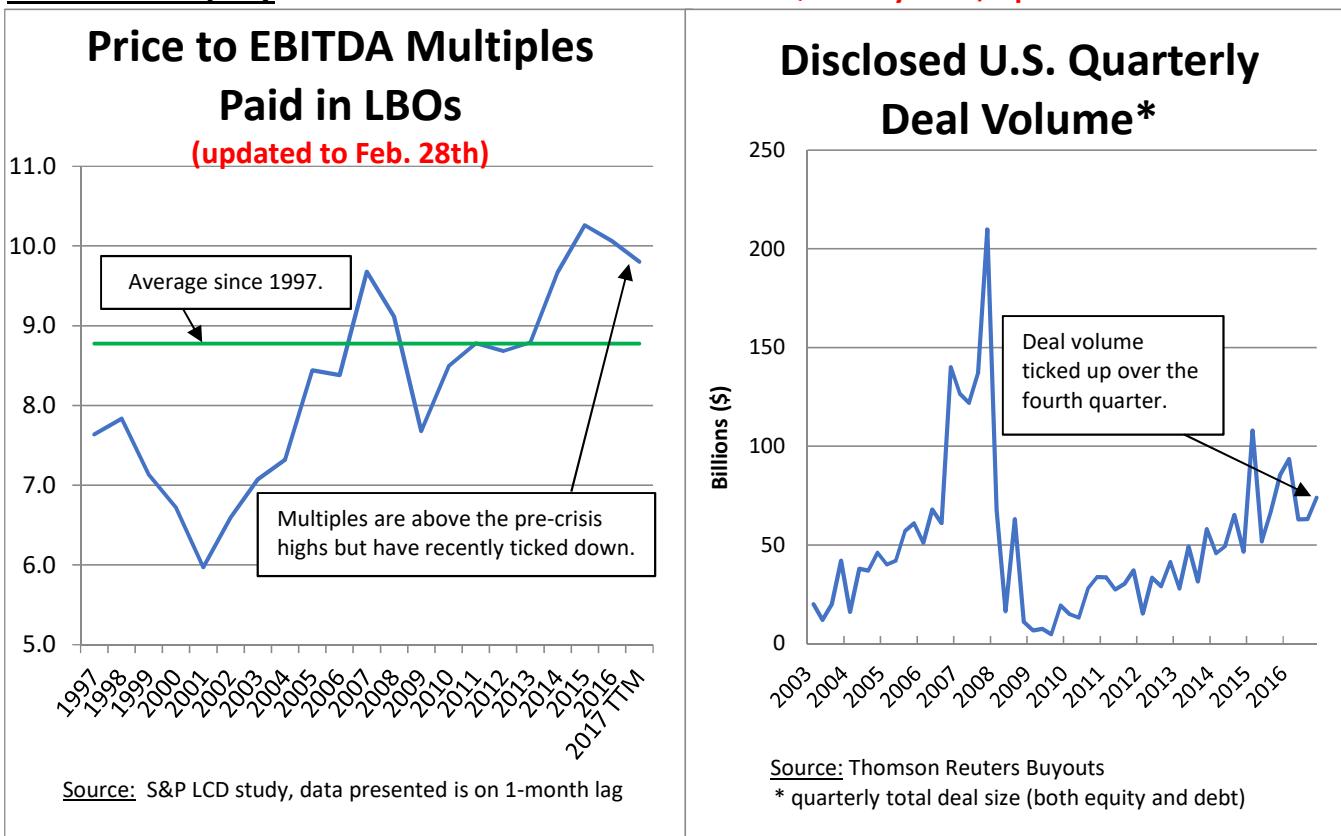


Emerging Market Public Equity Markets



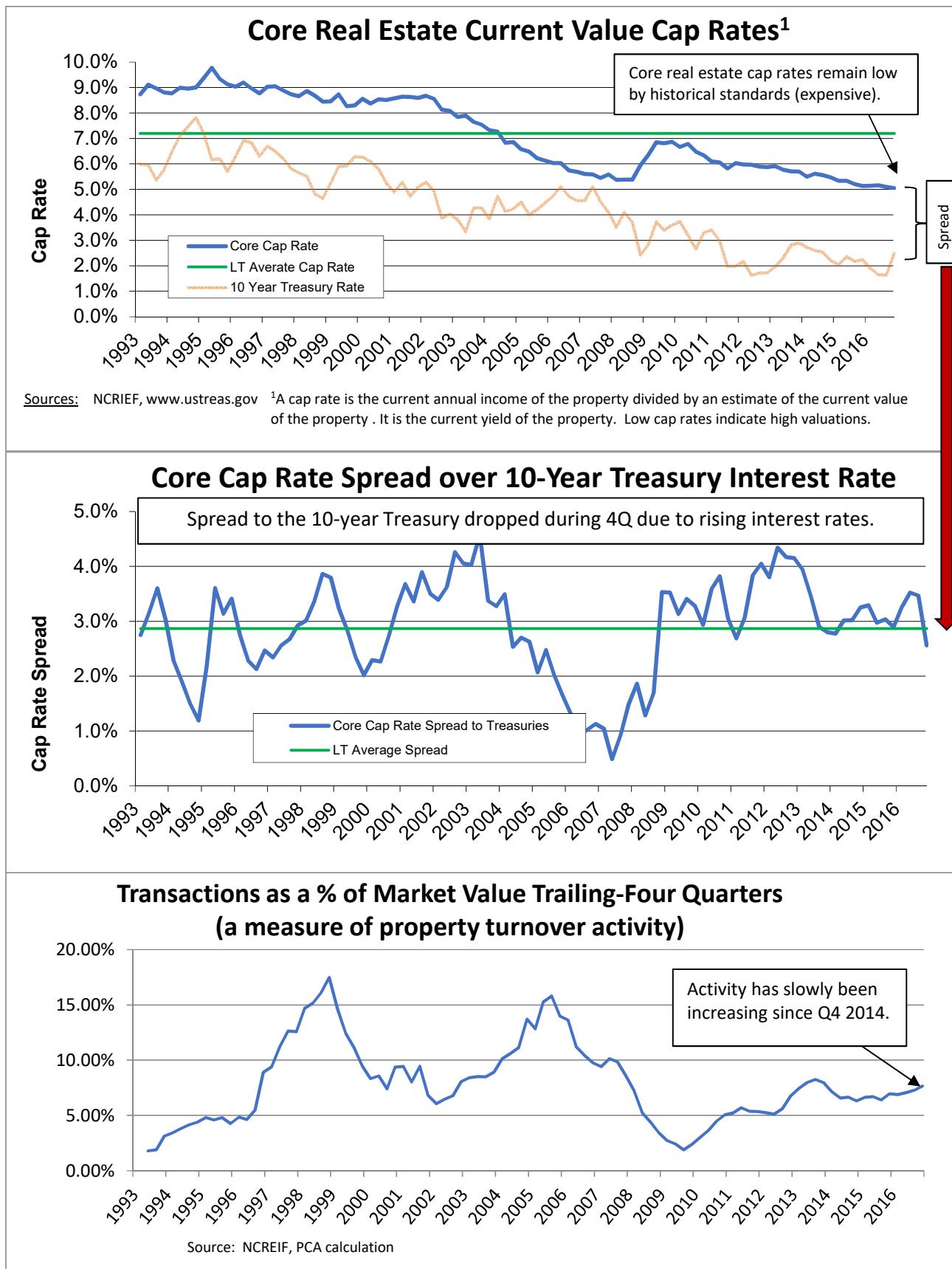
US Private Equity

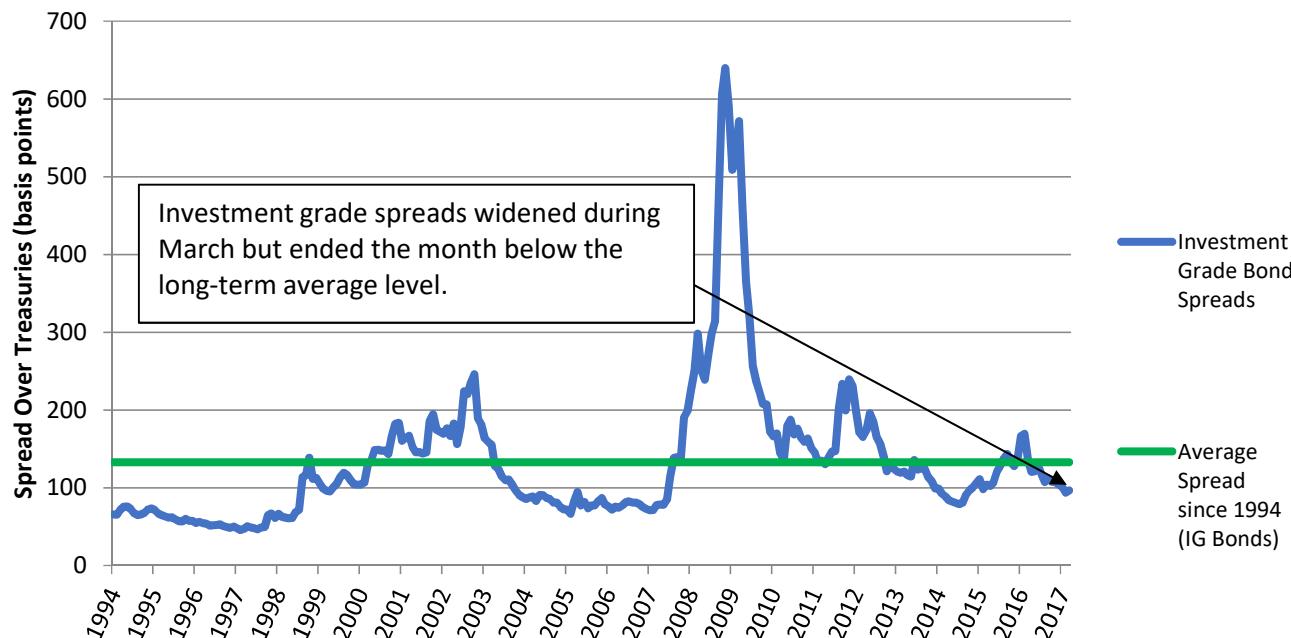
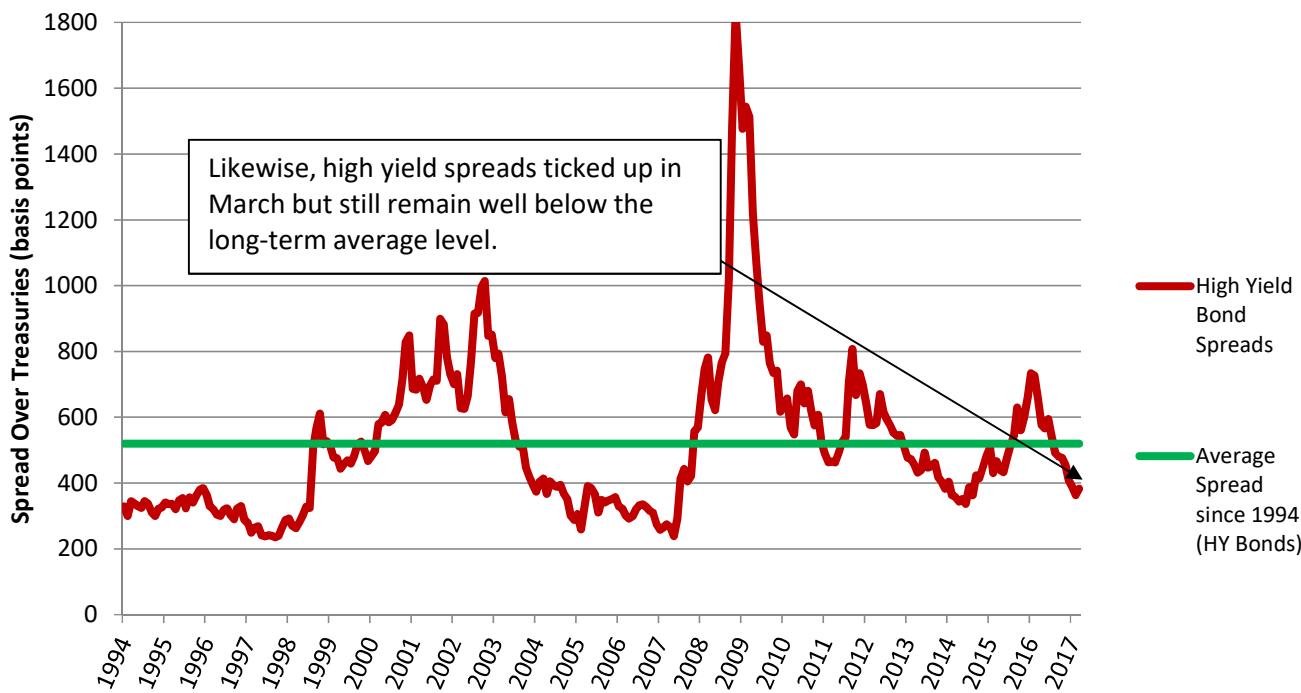
Quarterly Data, Updated to Dec. 31st.



Private Real Estate Markets

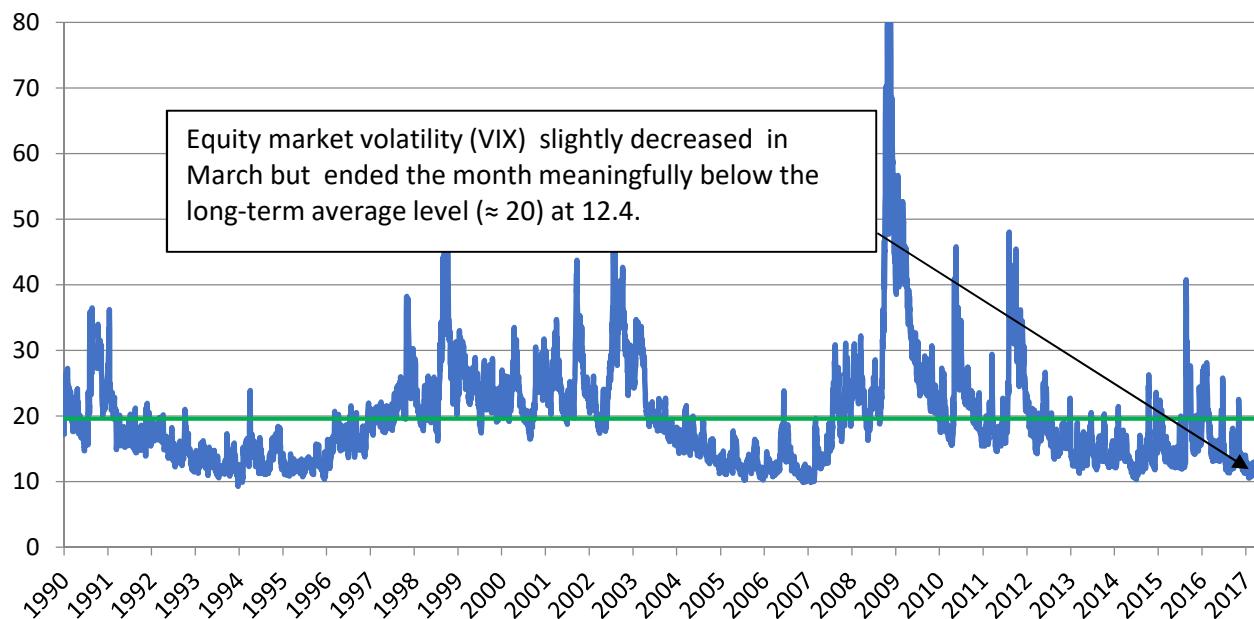
Quarterly Data, Updated to Dec. 31st



Credit Markets US Fixed Income**Investment Grade Corporate Bond Spreads****High Yield Corporate Bond Spreads**

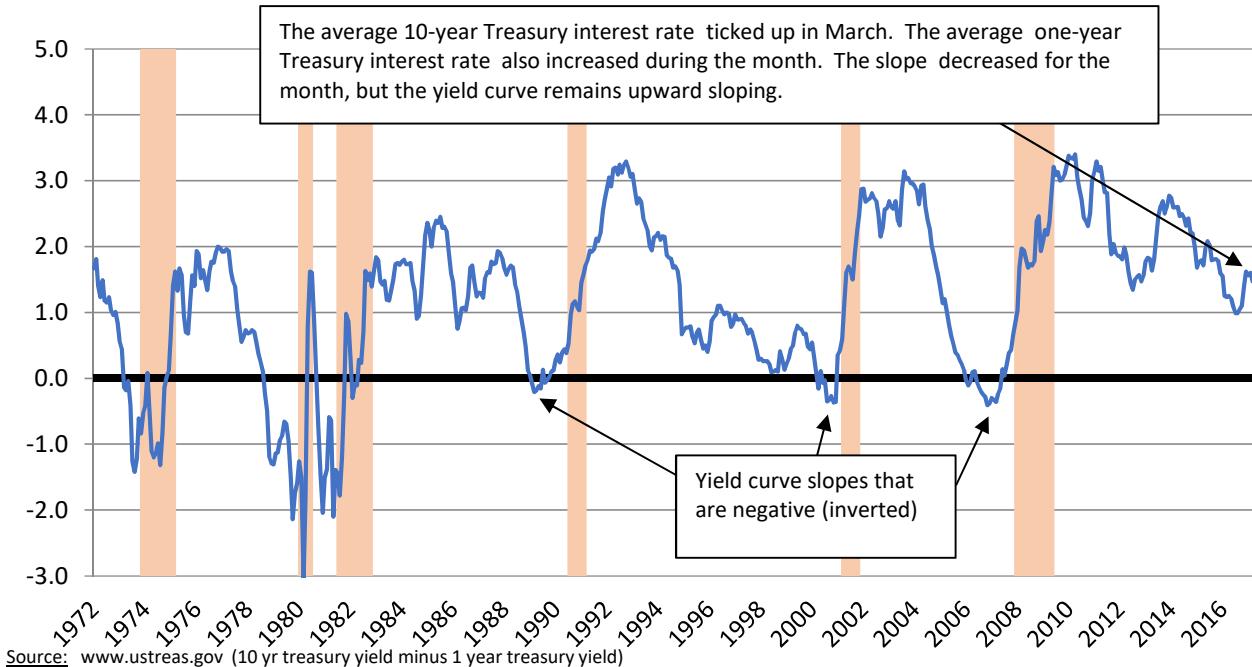
Other Market Metrics

VIX - a measure of equity market fear / uncertainty

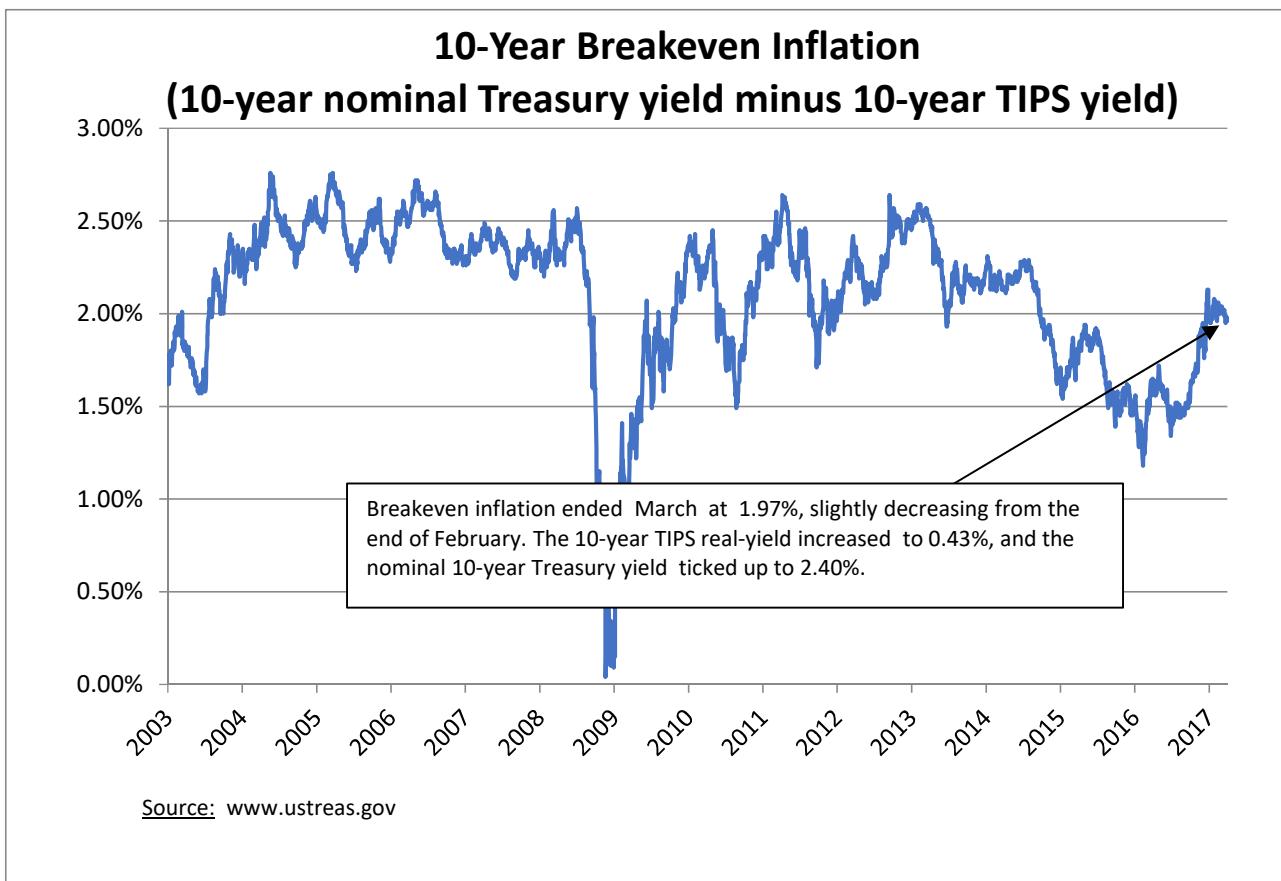


Source: <http://www.cboe.com/micro/vix/historical.aspx>

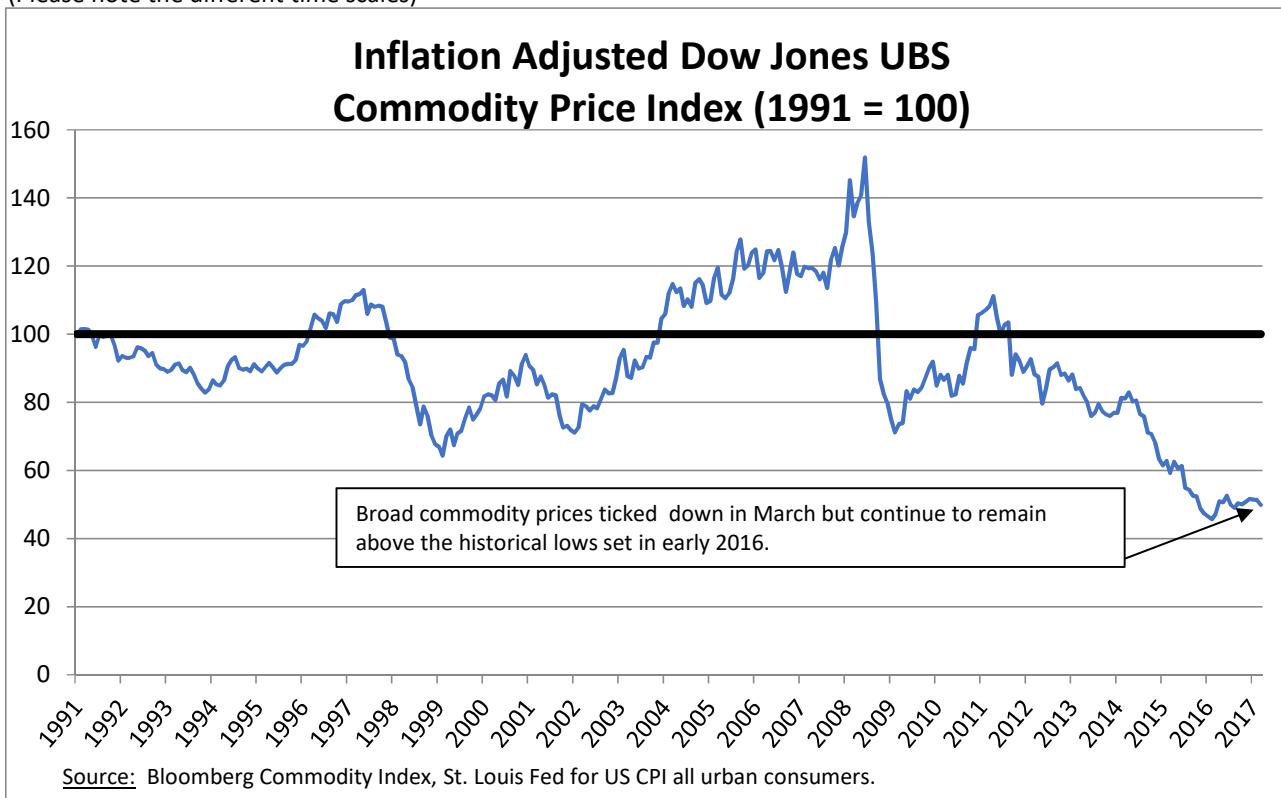
Yield Curve Slope



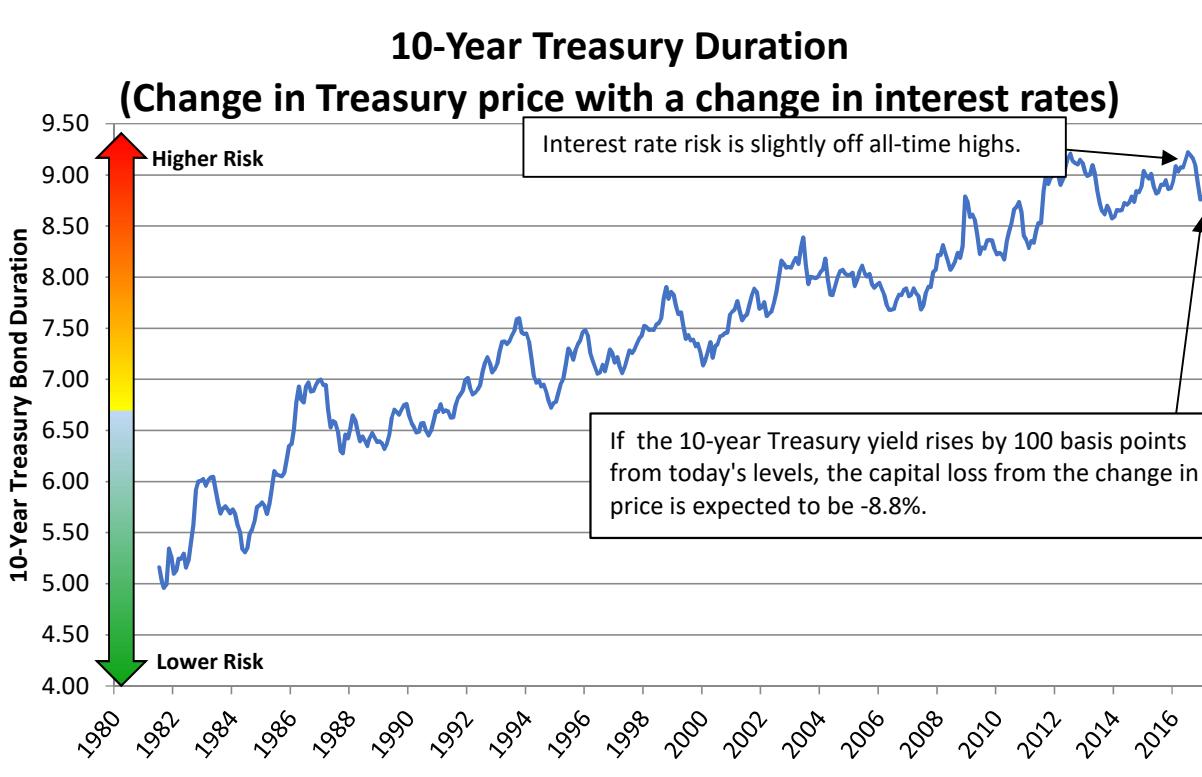
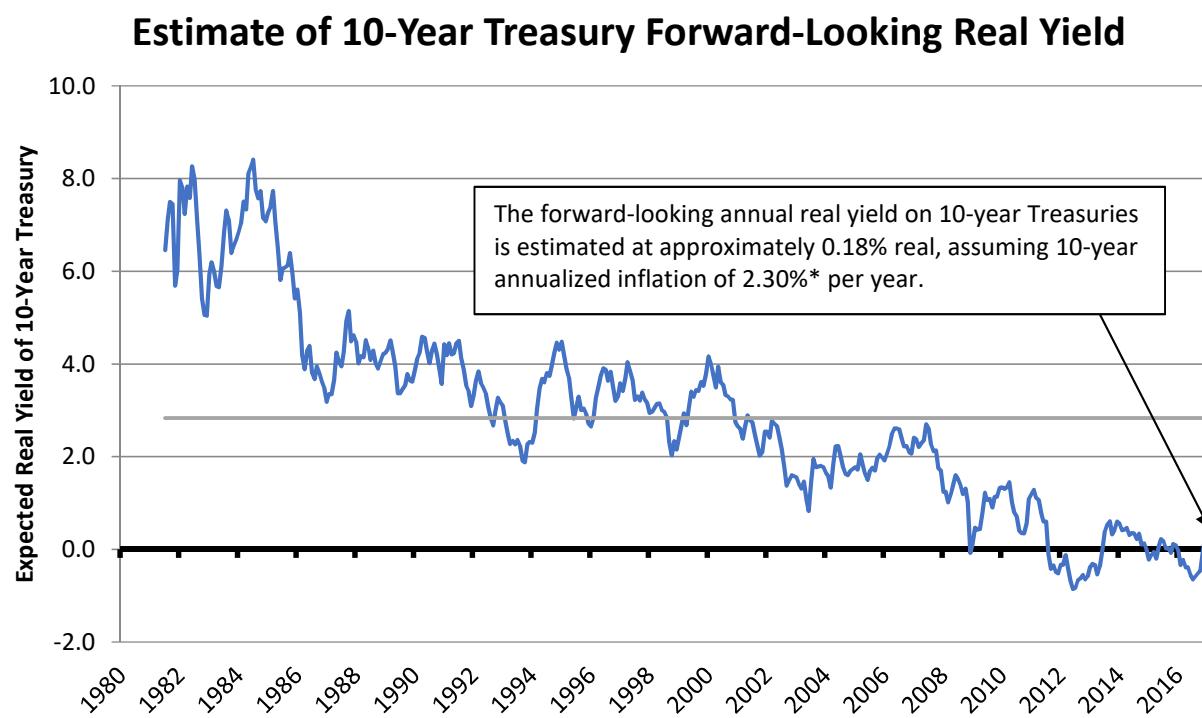
Measures of Inflation Expectations



(Please note the different 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.

John Linder, CFA, CPA

Neil Rue, CFA

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?



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:

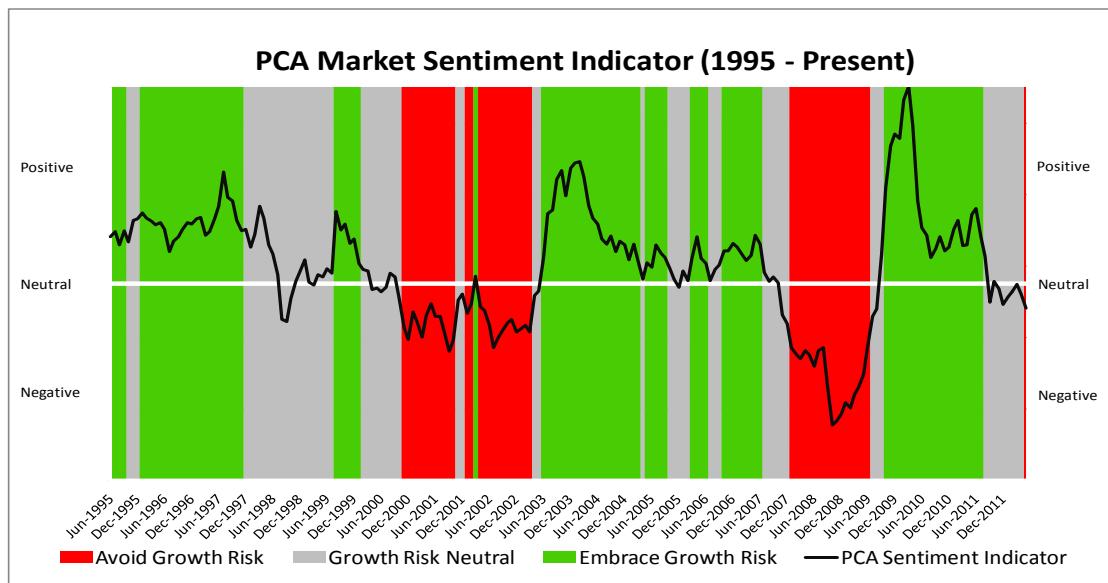
What is the PCA Market Sentiment Indicator (PMSI)?

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 2017 Performance
As of 3/31/2017, gross of fees

Segment Manager Benchmark	Style	1Q 2017	1-year	3-year	5-year	Since Inception ⁸	Inception Date ⁹
Total Plan (Gross of Fees)		5.0	14.3	6.2	7.4	---	---
Total Plan (Net of Fees)¹⁰		4.9	13.9	5.8	7.0	---	---
Policy Benchmark¹		4.7	13.1	6.7	7.0	---	---
Public Equity		6.5	17.9	7.9	11.5	---	---
Public Equity Benchmark⁴		6.2	17.3	8.0	11.4	---	---
Domestic Equity		6.0	18.9	9.4	13.1	---	---
Russell 3000 (blend)⁵		5.7	18.1	9.8	13.2	---	---
Large Cap		6.0	17.3	9.9	13.0	---	---
Northern Trust	Large Cap Core	6.0	17.2	10.0	13.2	14.4	5/2010
<i>Russell 1000</i>	<i>Large Cap Core</i>	<i>6.0</i>	<i>17.4</i>	<i>10.0</i>	<i>13.3</i>	<i>14.4</i>	---
SSgA Russell 1000 Value	Large Cap Value	3.3	19.2	---	---	7.8	10/2014
<i>Russell 1000 Value</i>	<i>Large Cap Value</i>	<i>3.3</i>	<i>19.2</i>	<i>---</i>	<i>---</i>	<i>7.7</i>	---
SSgA Russell 1000 Growth	Large Cap Growth	8.9	15.8	---	---	10.0	10/2014
<i>Russell 1000 Growth</i>	<i>Large Cap Growth</i>	<i>8.9</i>	<i>15.8</i>	<i>---</i>	<i>---</i>	<i>10.0</i>	---
Midcap		7.5	23.9	10.5	13.6	11.6	---
Earnest Partners	Mid Cap Core	7.5	23.9	10.5	13.6	9.0	3/2006
<i>Russell Mid Cap</i>	<i>Mid Cap Core</i>	<i>5.1</i>	<i>17.0</i>	<i>8.5</i>	<i>13.1</i>	<i>8.3</i>	---
Small Cap		3.5	21.8	5.2	13.0	7.9	---
NWQ	Small Cap Value	2.0	22.1	8.7	15.4	7.9	1/2006
<i>Russell 2000 Value</i>	<i>Small Cap Value</i>	<i>-0.1</i>	<i>29.4</i>	<i>7.6</i>	<i>12.5</i>	<i>6.8</i>	---
Russell 2000 Growth ETF	Small Cap Growth	5.2	---	---	---	11.9	7/2016
<i>Russell 2000 Growth</i>	<i>Small Cap Growth</i>	<i>5.3</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>11.9</i>	---
International Equity		8.7	13.9	2.0	5.5	---	---
MSCI ACWI Ex US (blend)⁶		8.0	13.7	1.0	4.8	---	---
Hansberger	International	10.2	16.3	2.9	5.7	3.7	1/2006
<i>MSCI ACWI Ex US</i>	<i>ACWI ex US</i>	<i>8.0</i>	<i>13.7</i>	<i>1.0</i>	<i>4.8</i>	<i>3.6</i>	---
Fisher	International	8.4	13.2	2.2	5.1	3.6	3/2011
<i>MSCI ACWI Ex US</i>	<i>ACWI ex US</i>	<i>8.0</i>	<i>13.7</i>	<i>1.0</i>	<i>4.8</i>	<i>2.8</i>	---
State Street Global	International	7.4	12.1	0.8	6.2	7.2	7/2002
<i>MSCI EAFE</i>	<i>Developed Markets</i>	<i>7.4</i>	<i>12.2</i>	<i>1.0</i>	<i>6.3</i>	<i>7.3</i>	---
Fixed Income		0.9	2.9	3.2	2.8	---	---
BC Universal (blend)⁷		1.1	1.9	3.0	2.8	---	---
Reams	Core Plus	0.8	1.3	2.8	3.0	5.8	1/1998
<i>BC Universal (blend)⁷</i>	<i>Core Plus</i>	<i>1.1</i>	<i>1.9</i>	<i>3.0</i>	<i>2.8</i>	<i>5.1</i>	---
Ramirez	Core	1.0	---	---	---	1.0	1/2017
<i>BC Aggregate</i>	<i>Core</i>	<i>0.8</i>	<i>---</i>	<i>---</i>	<i>---</i>	<i>0.8</i>	---
DDJ	High Yield/Bank Loans	3.5	18.2	---	---	6.5	1/2015
<i>BofAML US HY Master II</i>	<i>High Yield/Bank Loans</i>	<i>2.7</i>	<i>16.9</i>	<i>---</i>	<i>---</i>	<i>6.4</i>	---
Covered Calls		4.4	14.7	8.1	---	8.1	3/2014
CBOE BXM		4.0	12.2	6.5	---	6.5	---
Parametric BXM	Passive Covered Calls	3.9	13.1	7.2	---	7.2	3/2014
Parametric DeltaShift	Active Covered Calls	4.9	16.2	10.0	---	10.0	---

Source of Blended Benchmarks: LDZ Group

1. Starting on 5/1/2016, Policy Benchmark consists of 48% Russell 3000, 12% MSCI ACWI ex U.S., 20% BC 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 x US thereafter.

7. Fixed Income Benchmark consists of BC Aggregate prior to 4/1/06, and BC 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 investment manager fees estimated at 44 basis points

City of Oakland Police and Fire Retirement System
Preliminary Market Value Summary
As of 3/31/2017

Manager	Style	Market Value \$(000)	Target	Actual ¹	Difference
Total Plan		\$357,683	100.0%	100.0%	0.0%
Public Equity		\$215,568	60.0%	60.3%	0.3%
Domestic Equity		\$171,825	48.0%	48.0%	0.0%
Large Cap Equity					
Northern Trust	Large Cap Core	69,221	19.2%	19.4%	0.2%
SSgA Russell 1000 Value	Large Cap Value	26,945	7.4%	7.5%	0.1%
SSgA Russell 1000 Growth	Large Cap Growth	26,762	7.4%	7.5%	0.1%
Mid Cap Equity					
Earnest Partners	Mid Cap Core	26,991	8.0%	7.5%	-0.5%
Small Cap Equity					
NWQ	Small Cap Value	11,947	3.0%	3.3%	0.3%
Russell 2000 Growth ETF	Small Cap Growth	9,959	3.0%	2.8%	-0.2%
International Equity		\$43,743	12.0%	12.2%	0.2%
SSgA	International	12,815	3.6%	3.6%	0.0%
Hansberger	International	16,070	4.2%	4.5%	0.3%
Fisher	International	14,858	4.2%	4.2%	0.0%
Fixed Income		\$63,776	20.0%	17.8%	-2.2%
Reams	Core Plus	22,090	8.0%	6.2%	-1.8%
Ramirez	Core	32,632	10.0%	9.1%	-0.9%
DDJ	High Yield/Bank Loans	9,006	2.0%	2.5%	0.5%
Transition (Reams) ³	Transition Portfolio	48	0.0%	0.0%	---
Covered Calls		\$74,660	20.0%	20.9%	0.9%
Parametric (Eaton Vance)	Active/Replication	74,660	---	20.9%	---
Total Cash²		\$3,678	0.0%	1.0%	1.0%

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

2. Preliminary estimated balance Includes cash balance w ith City Treasury and Custodian Cash account as of 3/31/2017.

3. Includes a residual \$48,244.46 in the Reams transition account.

MEMORANDUM

Date: April 26, 2017

To: Oakland Police and Fire Retirement System (OPFRS)

From: Pension Consulting Alliance, LLC (PCA)

CC: David Sancewich - PCA

Sean Copus – PCA

Tir Jenkins – OPFRS

Katano Kasaine - OPFRS

RE: Asset Allocation Approval and Evolving Policy Implementation

Summary

At the March 29 meeting, the OPFRS Board discussed and considered a new long-term investment policy for the Retirement portfolio. The discussion by the Board revolved around the implementation and long-term weight of the new strategic class, CROSM. As a result, PCA was directed to consider an additional portfolio option with a smaller allocation to this group of assets.

In addition, PCA suggests a schedule for implementing the new policy, moving from the actual portfolio's current allocations to the long-term policy over the next 12 months. The new policy will take time to fully implement as a result of the continued education and manager searches in the new strategic class. Accounting for these funding and pacing issues, implementation of the new policy should be completed within the next 12 months.

PCA recommends the Board adopt one of the new asset allocation polices and the revised evolving policy implementation schedule.

Discussion

The tables that follow presents two asset allocation targets for the OPFRS Board to consider as part of its long-term plan to de-risk the portfolio from its current allocation to public equities.

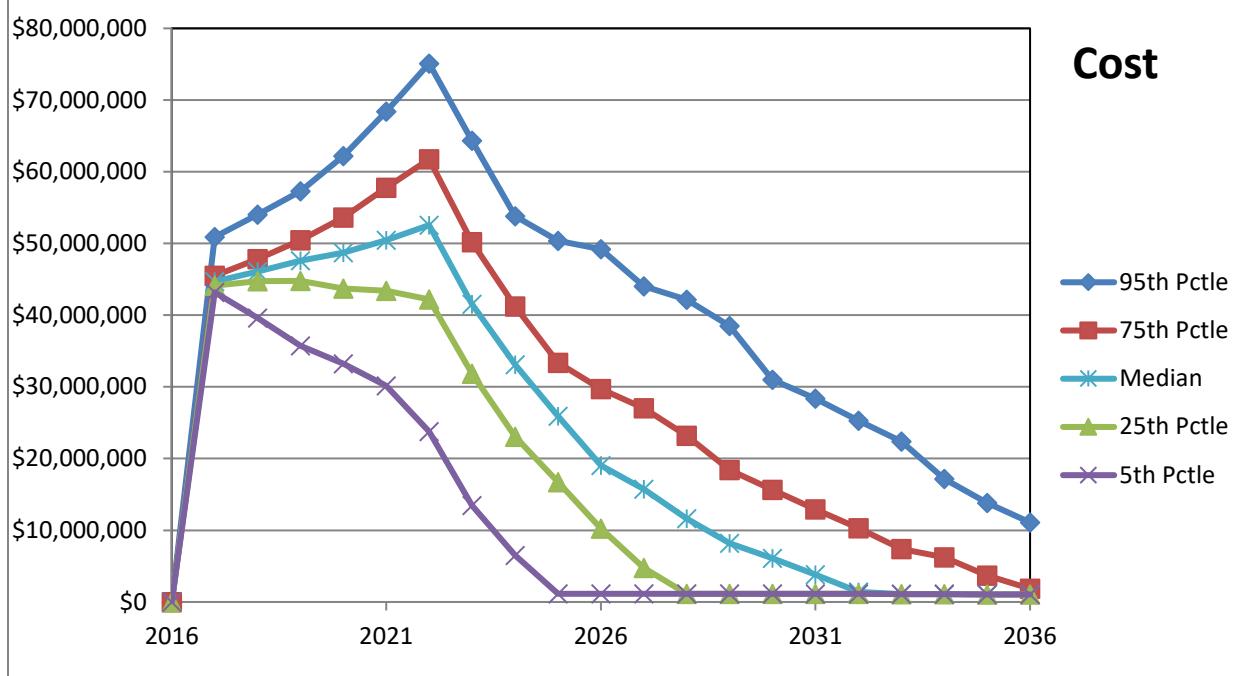
Current Policy and Asset Allocation Options

	<u>US</u> <u>Equity</u>	<u>Covered</u> <u>Calls</u>	<u>Non-US</u> <u>Equity</u>	<u>Fixed</u> <u>Income</u>	REITS	Credit	CRO	Cash	Total	Return	StDev	Sharpe
Current Target	48%	20%	12%	20%	0%	0%	0%	0%	100%	6.4%	13.2%	0.30
Previous Policy Target	53%	0%	17%	30%	0%	0%	0%	0%	100%	6.6%	12.8%	0.32
Ultra Conservative	0%	0%	0%	100%	0%	0%	0%	0%	100%	2.9%	4.0%	0.11
Policy Risk, More Return	48%	10%	22%	20%	0%	0%	0%	0%	100%	6.8%	13.7%	0.31
More Risk, More Return	60%	10%	20%	10%	0%	0%	0%	0%	100%	7.1%	15.4%	0.30
Ultra Aggressive	100%	0%	0%	0%	0%	0%	0%	0%	100%	7.3%	18.5%	0.26
Middle Ground	20%	15%	20%	20%	5%	10%	10%	0%	100%	6.5%	10.7%	0.38
Portfolio #1	40%	5%	12%	21%	0%	2%	20%	0%	100%	6.7%	10.3%	0.40
Portfolio #2	40%	5%	12%	31%	0%	2%	10%	0%	100%	6.4%	10.5%	0.37

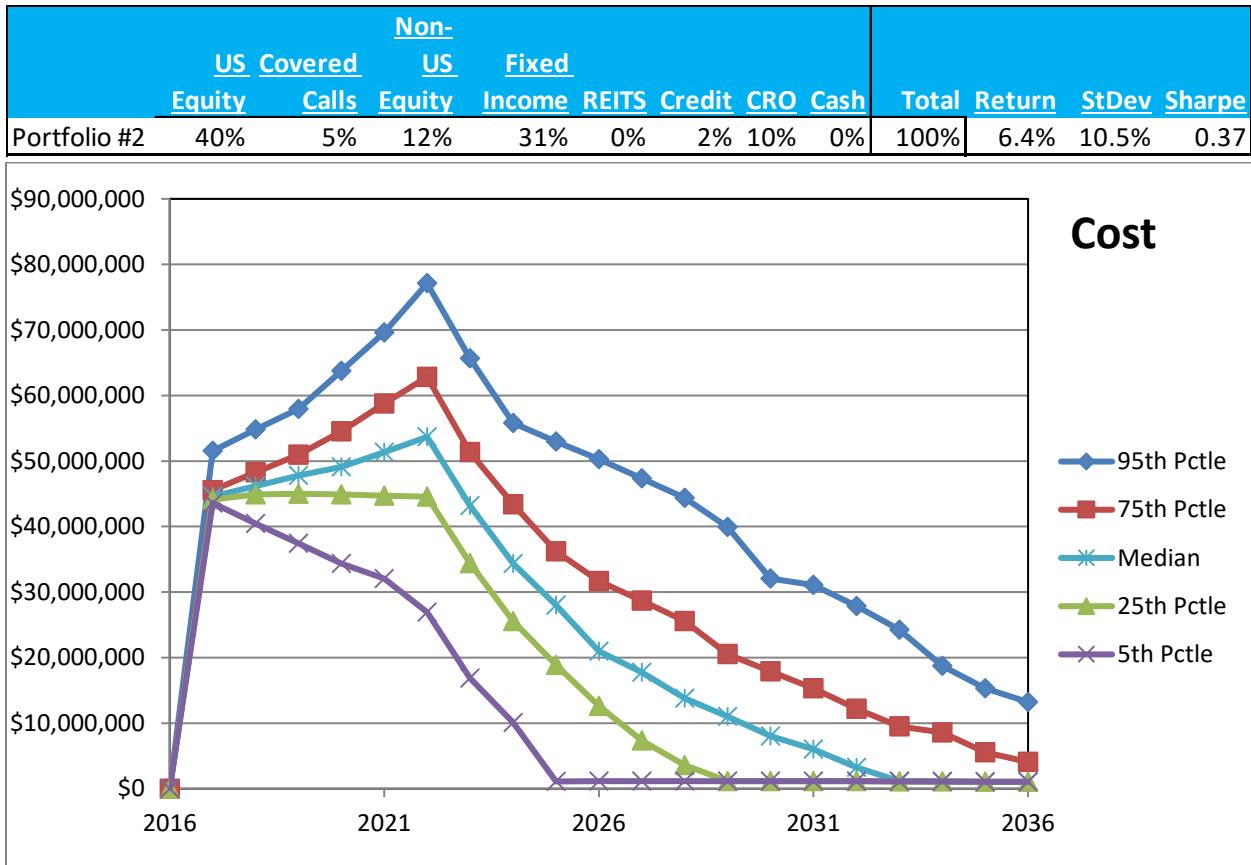
As seen above, both portfolios reduce the overall exposure to public equities and move the retirement system towards a less risky allocation as assets move closer to 2026. The tables below represent the modeled funding cost of each portfolio.

Portfolio Allocation #1

	<u>US</u> <u>Equity</u>	<u>Covered</u> <u>Calls</u>	<u>Non-</u> <u>US</u> <u>Equity</u>	<u>Fixed</u> <u>Income</u>	REITS	Credit	CRO	Cash	Total	Return	StDev	Sharpe
Portfolio #1	40%	5%	12%	21%	0%	2%	20%	0%	100%	6.7%	10.3%	0.40



Portfolio Allocation #2



Evolving Investment Policy for the OPFRS Retirement Plan

Asset Class	3/31/2017 Actual	5/1/2017 - 12/31/2017	1/1/2018 - 6/30/2018
Cash	1	0	0
Fixed Income	18	25	31
Credit	0	2	2
Covered Calls	20	15	5
Domestic Equity	48	41	40
International Equity	12	12	12
CRO	0	5	10

Implications of New Strategic Investment Policy

The new allocation raises several issues, all of which can be addressed over the course of the implementation process:

1. Introduction of CROSM. The Crisis Risk OffsetSM or CROSM is a strategic class whose return pattern varies from public equity during market extremes and is designed to be relatively uncorrelated. This class involves three separate components: long duration treasuries, trend following, and alternative risk premia. These components are going to require additional education and discussion with the OPFRS Board as well as manager searches. It is reasonable that these components can be implemented before the end of 2017.
2. Reduction of the public equity exposure. As presented during the study's presentations, the OPFRS portfolio is currently on a path to be fully funded by 2026. This means that as the Plan further matures the heavy reliance on equities, which has benefited the portfolio in the past, is no longer a prudent option. Thus, both portfolio allocations involve a significant reduction to equities, through the U.S. and covered call allocations.

An Evolving Strategic Policy

As highlighted above, one feature of adopting the new strategic policy is that it will require a significant amount of change, both from an asset adjustment standpoint and from the perspective of introducing new areas into the portfolio. When working with other clients in similar positions, PCA has found that it can be challenging to keep the actual portfolio aligned with the intended long-term policy portfolio. Specifically, some moves/adjustments toward policy allocations take significant time, resulting in an actual portfolio that may deviate significantly from its policy benchmark, from both investment performance and asset allocation perspectives.

To help resolve and/or manage this issue, PCA is recommending an “evolving policy” (see table above). Under an evolving policy framework, the policy portfolio is allowed to adjust over time, reflecting the incremental funding nature that many of the minor classes require to achieve their policy targets. Typically, the plan sponsor selects a 3-to-5 year window over which it believes it can attain the adopted policy target. For OPFRS, this may be slower or faster depending upon market conditions.

This evolving policy can, of course, be modified at any time during the next several years. Scenarios leading to modification might include significant appreciation (or, possibly, depreciation) within the Fixed Income or Public Equity classes, or an acceleration of the commitment paces associated with the these classes. The Board might also desire to lengthen/shorten the window of time required to achieve the long-term policy depending on the progress of overall implementation.

The primary reason for the evolving policies is to account for the necessity to prudently invest in the capital markets over time. Considering this funding process, all the other classes will effectively be at their appropriate policy levels within approximately one year. The new CROSM class should achieve its desired target level before the end of 2017.

DISCLOSURES: This document is provided for informational purposes only. It does not constitute an offer of securities of any of the issuers that may be described herein. Information contained herein may have been provided by third parties, including investment firms providing information on returns and assets under management, and may not have been independently verified. The past performance information contained in this report is not necessarily indicative of future results and there is no assurance that the investment in question will achieve comparable results or that the Firm will be able to implement its investment strategy or achieve its investment objectives. The actual realized value of currently unrealized investments (if any) will depend on a variety of factors, including future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which any current unrealized valuations are based.

Neither PCA nor PCA's officers, employees or agents, make any representation or warranty, express or implied, in relation to the accuracy or completeness of the information contained in this document or any oral information provided in connection herewith, or any data subsequently generated herefrom, and accept no responsibility, obligation or liability (whether direct or indirect, in contract, tort or otherwise) in relation to any of such information. PCA and PCA's officers, employees and agents expressly disclaim any and all liability that may be based on this document and any errors therein or omissions therefrom. Neither PCA nor any of PCA's officers, employees or agents, make any representation of warranty, express or implied, that any transaction has been or may be effected on the terms or in the manner stated in this document, or as to the achievement or reasonableness of future projections, management targets, estimates, prospects or returns, if any. Any views or terms contained herein are preliminary only, and are based on financial, economic, market and other conditions prevailing as of the date of this document and are therefore subject to change.

The information contained in this report may include forward-looking statements. Forward-looking statements include a number of risks, uncertainties and other factors beyond the control of the Firm, which may result in material differences in actual results, performance or other expectations. The opinions, estimates and analyses reflect PCA's current judgment, which may change in the future.

Any tables, graphs or charts relating to past performance included in this report are intended only to illustrate investment performance for the historical periods shown. Such tables, graphs and charts are not intended to predict future performance and should not be used as the basis for an investment decision.

All trademarks or product names mentioned herein are the property of their respective owners. Indices are unmanaged and one cannot invest directly in an index. The index data provided is on an "as is" basis. In no event shall the index providers or its affiliates have any liability of any kind in connection with the index data or the portfolio described herein. Copying or redistributing the index data is strictly prohibited.

The Russell indices are either registered trademarks or tradenames of Frank Russell Company in the U.S. and/or other countries.

The MSCI indices are trademarks and service marks of MSCI or its subsidiaries.

Standard and Poor's (S&P) is a division of The McGraw-Hill Companies, Inc. S&P indices, including the S&P 500, are a registered trademark of The McGraw-Hill Companies, Inc.

CBOE, not S&P, calculates and disseminates the BXM Index. The CBOE has a business relationship with Standard & Poor's on the BXM. CBOE and Chicago Board Options Exchange are registered trademarks of the CBOE, and SPX, and CBOE S&P 500 BuyWrite Index BXM are servicemarks of the CBOE. The methodology of the CBOE S&P 500 BuyWrite Index is owned by CBOE and may be covered by one or more patents or pending patent applications.

The Barclays Capital indices (formerly known as the Lehman indices) are trademarks of Barclays Capital, Inc.

The Citigroup indices are trademarks of Citicorp or its affiliates.

The Merrill Lynch indices are trademarks of Merrill Lynch & Co. or its affiliates.

FTSE is a trademark of the London Stock Exchange Group companies and is used by FTSE under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. No further distribution of FTSE data is permitted with FTSE's express written consent.

MEMORANDUM

Date: April 26, 2017

To: Oakland Police and Fire Retirement System (OPFRS)

From: Pension Consulting Alliance, LLC (PCA)

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

RE: DDJ Capital, Watch Update

Manager: DDJ Capital

Inception Date: 1/30/2015

Date Watch Began: 6/1/2016

Next Board Presentation: TBD

Investment Strategy: Opportunistic High Yield

Firm-wide AUM (12/31/16): \$7.6 billion

Benchmark: BofAML US HY Master II

Strategy AUM (12/31/16): \$6.0 billion

Recommendation:

Since being placed on Watch status in May 2016 for organizational issues and poor performance, DDJ Capital has seen its investment performance improve and its organizational issues stabilize. With this in mind, PCA recommends that DDJ Capital be removed from Watch status.

Summary:

In March 2016, DDJ Capital notified PCA that Tony Ranaldi, the lead portfolio manager of the Opportunistic High Yield strategy, would be leaving the firm for personal reasons. It was also announced the firm CIO, Dave Breazzano, would replace Mr. Ranaldi as the lead portfolio manager of the strategy. In addition to the organizational changes, the Opportunistic High Yield strategy began to experience performance issues, which resulted in the portfolio trailing its benchmark by (5.2%) over the 12-month period ending on September 30, 2016.

Since being placed on Watch status, PCA believes DDJ Capital's organizational issues have stabilized as there have been no further changes to firm leadership or the portfolio management team. Fund performance has also improved as the portfolio has outperformed its benchmark over the past three most recent quarters and has outperformed by 3.5% since being placed on Watch status nine months ago.

OPFRS retained DDJ Capital to manage assets in a new High Yield / Bank Loan portfolio in January 2015. As of the end of March 2017, OPFRS has \$9.0 million invested with DDJ Capital.

DDJ Capital
Opportunistic High Yield
Watch Status Recommendation

Product and Organization Review Summary

Reason for Update		Areas of Potential Impact				
		Level of Concern^	Investment process (client portfolio)	Investment Team	Performance Track Record	Team/ Firm Culture
<input checked="" type="checkbox"/> Failed Performance Criteria						
<input checked="" type="checkbox"/> Organizational Changes						
<input type="checkbox"/> Scheduled Watch Update						
Product						
Key people changes	None					
Changes to team structure/individuals roles	None					
Product client gain/losses	None					
Changes to the investment process	None					
Personnel turnover	None					
Organization						
Ownership changes	None					
Key people changes	Low					
Firm wide client gain/losses	None					

[^]None, low or high

Review and Recommendation History

Date	PCA Findings and Recommendation	Board of Retirement
4/2017	PCA recommends removal from Watch status	Pending
5/2016	PCA recommended Watch status due to organizational issues	Approved

Annualized Performance Results
As of 3/31/2017

Performance	3 Month	1 Year	3 Years	5 Years	Inception (1/30/2015)
DDJ Capital – Gross of Fees	3.5	18.2	---	---	6.3
DDJ Capital – Net of Fees*	2.8	17.5	---	---	5.7
<i>BofAML US High Yield Master II Index</i>	2.7	16.9	---	---	6.4
Difference (Net of Fees)	0.1	0.6	---	---	(0.7)
<i>IM High Yield Peer Median (Gross)</i>	2.4	14.3	---	---	5.8

Source: Investment Metrics

* Net of Fees performance estimated from current fee schedule

Calendar Year Performance Results

Performance	2013	2014	2015	2016	2017 YTD
DDJ Capital – Gross of Fees	---	---	---	16.0	3.5
DDJ Capital – Net of Fees*	---	---	---	15.3	2.8
<i>BofAML US High Yield Master II Index</i>	---	---	---	17.5	2.7
Difference (Net of Fees)	---	---	---	(2.2)	0.1
<i>IM High Yield Peer Median (Gross)</i>	---	---	---	14.1	2.4

Source: Investment Metrics

* Net of Fees performance estimated from current fee schedule

1-year MPT Performance Statistics
As of 3/31/2017

	Alpha	Standard Deviation	Beta	Tracking Error	Sharpe Ratio	Info. Ratio	Up-Market Capture	Down-Market Capture
DDJ Capital – Gross of Fees	7.3	3.1	0.62	2.3	5.3	0.5	102.2	---
<i>BofAML US HY Master II Index</i>	---	4.1	1.00	---	3.7	---	100.0	---
<i>US High Yield Peer Median</i>	1.7	3.2	0.72	1.8	4.3	-1.6	85.4	---

Peer Group Source: eVestment

Performance:

Over the most recent 1-year period, ending March 31, 2017, DDJ Capital has outperformed its benchmark by 60 basis points, net of fees. Over the most recent quarter, the portfolio returned 2.8%, net of fees, outperforming its benchmark return of 2.7%. Over the past 1-year period, DDJ Capital also outperformed its benchmark and High Yield peer group median on a risk-adjusted basis by posting a Sharpe Ratio of 5.3 during the period, compared to 3.7 for the index and 4.3 for the peer group. Since Watch status began in June, DDJ Capital has outperformed its benchmark by 3.5%.

Personnel Changes:

Since being placed on Watch, DDJ Capital has added one new analyst to its investment team and has not lost any additional investment professionals.

Investment Philosophy and Process:

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

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

DISCLOSURES: This document is provided for informational purposes only. It does not constitute an offer of securities of any of the issuers that may be described herein. Information contained herein may have been provided by third parties, including investment firms providing information on returns and assets under management, and may not have been independently verified. The past performance information contained in this report is not necessarily indicative of future results and there is no assurance that the investment in question will achieve comparable results or that the Firm will be able to implement its investment strategy or achieve its investment objectives. The actual realized value of currently unrealized investments (if any) will depend on a variety of factors, including future operating results, the value of the assets and market conditions at the time of disposition, any related transaction costs and the timing and manner of sale, all of which may differ from the assumptions and circumstances on which any current unrealized valuations are based.

Neither PCA nor PCA's officers, employees or agents, make any representation or warranty, express or implied, in relation to the accuracy or completeness of the information contained in this document or any oral information provided in connection herewith, or any data subsequently generated herefrom, and accept no responsibility, obligation or liability (whether direct or indirect, in contract, tort or otherwise) in relation to any of such information. PCA and PCA's officers, employees and agents expressly disclaim any and all liability that may be based on this document and any errors therein or omissions therefrom. Neither PCA nor any of PCA's officers, employees or agents, make any representation of warranty, express or implied, that any transaction has been or may be effected on the terms or in the manner stated in this document, or as to the achievement or reasonableness of future projections, management targets, estimates, prospects or returns, if any. Any views or terms contained herein are preliminary only, and are based on financial, economic, market and other conditions prevailing as of the date of this document and are therefore subject to change.

The information contained in this report may include forward-looking statements. Forward-looking statements include a number of risks, uncertainties and other factors beyond the control of the Firm, which may result in material differences in actual results, performance or other expectations. The opinions, estimates and analyses reflect PCA's current judgment, which may change in the future.

Any tables, graphs or charts relating to past performance included in this report are intended only to illustrate investment performance for the historical periods shown. Such tables, graphs and charts are not intended to predict future performance and should not be used as the basis for an investment decision.

All trademarks or product names mentioned herein are the property of their respective owners. Indices are unmanaged and one cannot invest directly in an index. The index data provided is on an "as is" basis. In no event shall the index providers or its affiliates have any liability of any kind in connection with the index data or the portfolio described herein. Copying or redistributing the index data is strictly prohibited.

The Russell indices are either registered trademarks or tradenames of Frank Russell Company in the U.S. and/or other countries.

The MSCI indices are trademarks and service marks of MSCI or its subsidiaries.

Standard and Poor's (S&P) is a division of The McGraw-Hill Companies, Inc. S&P indices, including the S&P 500, are a registered trademark of The McGraw-Hill Companies, Inc.

CBOE, not S&P, calculates and disseminates the BXM Index. The CBOE has a business relationship with Standard & Poor's on the BXM. CBOE and Chicago Board Options Exchange are registered trademarks of the CBOE, and SPX, and CBOE S&P 500 BuyWrite Index BXM are servicemarks of the CBOE. The methodology of the CBOE S&P 500 BuyWrite Index is owned by CBOE and may be covered by one or more patents or pending patent applications.

The Barclays Capital indices (formerly known as the Lehman indices) are trademarks of Barclays Capital, Inc.

The Citigroup indices are trademarks of Citicorp or its affiliates.

The Merrill Lynch indices are trademarks of Merrill Lynch & Co. or its affiliates.

FTSE is a trademark of the London Stock Exchange Group companies and is used by FTSE under license. All rights in the FTSE indices and/or FTSE ratings vest in FTSE and/or its licensors. No further distribution of FTSE data is permitted with FTSE's express written consent.

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

RETIREMENT BOARD MEMBERS

Walter L. Johnson, Sr.
President
Jaime T. Godfrey
Vice President
Robert J. Muszar
Member
Steven Wilkinson
Member
Steven J. Bernard
Member
John C. Speakman
Member
Christine Daniel
Member

AGENDA

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

**Wednesday, April 26, 2017 – 11:00 am
One Frank H. Ogawa Plaza, Hearing Room 1
Oakland, California 94612**

- - - ORDER OF BUSINESS - - -

- A. CLOSED SESSION**
- B. Report of PFRS Board Action from Closed Session (if any).**
- C. Subject:** **February 22, 2017 Special PFRS Board Meeting Minutes**
From: Staff of the PFRS Board

Recommendation: APPROVE February 22, 2017 Special PFRS Board meeting minutes.
- D. Subject:** **March 29, 2017 Special PFRS Board Meeting Minutes**
From: Staff of the PFRS Board

Recommendation: APPROVE March 29, 2017 Special PFRS Board meeting minutes.
- E. AUDIT AND OPERATIONS COMMITTEE – APRIL 26, 2017**
- E1. Subject:** **Administrative Expenses Report**
From: Staff of the PFRS Board

Recommendation: ACCEPT an informational report regarding PFRS Administrative Expenses from July 1, 2016 through February 28, 2017.
- E2. Subject:** **Review PFRS Rules and Regulations**
From: Member Robert Muszar

Recommendation: COMMITTEE REPORT OF discussion regarding PFRS Rules and Regulations.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
SPECIAL BOARD MEETING
APRIL 26, 2017**

ORDER OF BUSINESS, continued

- E3. Subject:** **Review of protocols regarding the handling of confidential medical/health information particularly as it relates to HIPAA**
From: Member Robert Muszar
-
- Recommendation:** **COMMITTEE REPORT OF** discussion regarding protocols regarding the handling of confidential medical/health information particularly as it relates to HIPAA.
- E4. Subject:** **Review of possible administrative/management audit of PFRS administration**
From: Member Robert Muszar
-
- Recommendation:** **COMMITTEE REPORT OF** discussion regarding possible administrative/management audit of PFRS administration.
- E5. Subject:** **Resolution No. 6965 – Travel Authorization for Board Member R. Steven Wilkinson to Travel and Attend the 2017 NASP Pension and Financial Services Conference (“2017 NASP Conference”) from/on June 26, 2017 to June 28, 2017 in Los Angeles, CA with an Estimated Budget of One Thousand Seven Hundred Fifty-Seven Dollars (\$1,757.00)**
From: Staff of the PFRS Board
-
- Recommendation:** **APPROVE** Resolution No. 6965 – Travel Authorization for Staff Member R. Steven Wilkinson to Travel and Attend the 2017 NASP Pension and Financial Services Conference (“2017 NASP Conference”) from/on June 26, 2017 to June 28, 2017 in Los Angeles, CA with an Estimated Budget of One Thousand Seven Hundred Fifty-Seven Dollars (\$1,757.00).
- E6. Subject:** **Resolution No. 6968 – Travel authorization for Staff Member Pelayo Llamas to travel and attend the 2017 CALAPRS Attorneys' Roundtable Conference (“2017 CALAPRS Conference”) from/on June 2, 2017 in Burbank, CA with an estimated budget of Eight Hundred Nine Dollars (\$809.00)**
From: Staff of the PFRS Board
-
- Recommendation:** **APPROVE** Resolution No. 6968 – Travel authorization for Staff Member Pelayo Llamas to travel and attend the 2017 CALAPRS Attorneys' Roundtable Conference (“2017 CALAPRS Conference”) from/on June 2, 2017 in Burbank, CA with an estimated budget of Eight Hundred Nine Dollars (\$809.00).
- E7. Subject:** **Resolution No. 6969 – Travel authorization for PFRS Board Member R. Steven Wilkinson to travel and attend the 2017 IRR Consortium East Conference (“2017 IRR Conference”) from/on June 14 to June 15, 2017 in New York, NY with an estimated budget of One Thousand Six Hundred Seventy Dollars (\$1,670.00)**
From: Staff of the PFRS Board
-
- Recommendation:** **APPROVE** Resolution No. 6969 – Travel authorization for PFRS Board Member R. Steven Wilkinson to travel and attend the 2017 IRR Consortium East Conference (“2017 IRR Conference”) from/on June 14 to June 15, 2017 in New York, NY with an estimated budget of One Thousand Six Hundred Seventy Dollars (\$1,670.00).

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
SPECIAL BOARD MEETING
APRIL 26, 2017**

ORDER OF BUSINESS, continued

E8. Subject: **Resolution No. 6970 – Travel authorization for PFRS Staff Member Katano Kasaine to travel and attend the 2017 IRR Public Funds Roundtable Conference (“2017 IRR Conference”) from/on April 26, 2017 to April 28, 2017 in Los Angeles, CA with an estimated budget of One Thousand Two Hundred Seventeen Dollars (\$1,217.00)**
From: Staff of the PFRS Board

Recommendation: **APPROVE Resolution No. 6970 – Travel authorization for PFRS Staff Member Katano Kasaine to travel and attend the 2017 IRR Public Funds Roundtable Conference (“2017 IRR Conference”) from/on April 26, 2017 to April 28, 2017 in Los Angeles, CA with an estimated budget of One Thousand Two Hundred Seventeen Dollars (\$1,217.00).**

F. INVESTMENT & FINANCIAL MATTERS COMMITTEE AGENDA – APRIL 26, 2017

F1. Subject: **Investment Manager Performance Report – Reams Asset Management**
From: Reams Asset Management

Recommendation: **ACCEPT an informational report regarding fund performance for PFRS investments with Reams Asset Management, a Domestic Fixed Income asset class Investment Manager.**

F2. Subject: **Investment Manager Overview – Reams Asset Management**
From: Pension Consulting Alliance

Recommendation: **ACCEPT an informational review of Organization and Performance of Reams Asset Management, a Domestic Fixed Income asset class Investment Manager.**

F3. Subject: **Investment Market Overview**
From: Pension Consulting Alliance (PCA)

Recommendation: **ACCEPT an Informational Report regarding overview of the global investment market through March 2017.**

F4.
Subject: **Preliminary Investment Fund Performance Report for the Quarter Ending March 31, 2017**
From: Pension Consulting Alliance

Recommendation: **ACCEPT the Preliminary Investment Fund Performance Report for the Quarter Ending March 31, 2017.**

F5. Subject: **PFRS Fund Asset-Liability Study**
From: Pension Consulting Alliance

Recommendation: **APPROVE a recommendation by Pension Consulting Alliance of an asset allocation distribution for the PFRS Investment Fund developed from the PFRS Asset-Liability Study Model.**

F6. Subject: **Watch Status Update – DDJ Capital Management, LLC**
From: Pension Consulting Alliance

Recommendation: **APPROVE removal from watch status for DDJ Capital Management, LLC.**

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM
SPECIAL BOARD MEETING
APRIL 26, 2017**

ORDER OF BUSINESS, continued

G.	Subject: From:	Member Resolution(s)No. 6966 - 6967 Staff of the PFRS Board
	Resolution No. 6966	APPROVE Resolution Fixing the Monthly Allowance of Marida G. Brostrom, Surviving Spouse(s) of the Retired Member(s) of the Police and Fire Retirement System.
	Resolution No. 6967	APPROVE Resolution Approving Death Benefit Roll(s) and Directing Warrants Thereunder in the Total Sum \$1,000.00 to Claudia Threkeld, daughter-in-law of George Green (F); and Dagny O. Cooper, Significant Other of Henry A. Otto (P).

H. **NEW BUSINESS** – No Report.

I. **OPEN FORUM**

J. **FUTURE SCHEDULING**

D R A F T

PFRS Board Meeting Minutes
February 22, 2017
Page 1 of 5

A SPECIAL BOARD MEETING of the Oakland Police and Fire Retirement System ("PFRS") was held February 22, 2017 in Hearing Room 1, One Frank Ogawa Plaza, Oakland, California

Board Members Present:	<ul style="list-style-type: none">• Walter L. Johnson, President• Jaime T. Godfrey, Vice President• Steven Wilkinson, Member• Robert J. Muszar, Member• John C. Speakman, Member• Steven J. Bernard, Member• Christine Daniel, Member
Additional Attendees:	<ul style="list-style-type: none">• Pelayo Llamas, Jr., Deputy City Attorney / PFRS Legal Counsel• Katano Kasaine, Plan Administrator• David Low & Teir Jenkins, Staff Members• David Sancewich and Sean Copus, Pension Consulting Alliance (PCA)• Kim Richardson (Stenographer/Court Reporter, Aiken Welch)

The meeting was called to order at 11:07 am.

- A. **PFRS Beneficiary Request to change retirement status of surviving spouse of Paul Carlisle, Deceased police member of PFRS system** – This matter was introduced in open session and reviewed by the Board during closed session.
- B. **CLOSED SESSION** – Member Muszar stated his concern regarding the use of 'personnel matter' exception regarding agenda item (A) above. He said PFRS retirees are not city employees, which applies to city employees. President explained the reasons for placing board discussion on this matter into closed session included the necessity to discuss relevant medical reports on this matter, which cannot be discussed in public session. With no public speaker for closed session, the Board adjourned to their closed session at 11:10 am.
- C. **Report of PFRS Action from Closed Session** – Regular Session of the Board resumes at 12:15 pm. President Johnson reported no board action related to the Closed Session Agenda. Following the Board's return from closed session, Plan Administrator Katano Kasaine summarized the matter, which is whether Mr. Carlisle's death was caused by an injury sustained in the performance of his duties, and if so, that the surviving spouse's continuance should be adjusted to the corresponding rate. Member Daniel made a motion to find that Mr. Carlisle's death was caused by an injury sustained in performance of duty, and to grant Janice Carlisle, surviving spouse of PFRS police member Paul Carlisle, the benefit of a full continuance of the retirement benefit retroactive to the date of December 1, 2015 pursuant to Charter section 2611, second by member Muszar. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

- D. **Approval of PFRS Board Meeting Minutes** – Member Godfrey made a motion to approve the PFRS Board meeting minutes for December 21, 2016, second by member Muszar. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

E. **PFRS AUDIT COMMITTEE MEETING – FEBRUARY 22, 2017**

- E1. **PFRS Monthly Administrative Expenses Report** – Investment Officer Teir Jenkins presented the details of the PFRS administrative expenses report from July 1, 2016 through December 31, 2016. Member Speakman made a motion to accept the Administrative Expenses Report from July 1, 2016 through December 31, 2016, second by Member Muszar. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

D R A F T

D R A F T

PFRS Board Meeting Minutes

February 22, 2017

Page 2 of 5

- E2. **Resolution No. 6950 – Amendment of 2016-2017 PFRS administrative budget** – Member Muszar reported that the Audit Committee recommended Board Approval of resolution no. 6950 with one amendment: to delete the proposed reallocation of \$10,000 to pay for outside probate and estate counsel for the PFRS board. Following comments from Ms. Kasaine, Member Speakman made a motion to approve resolution no. 6950 as amended, second by member Muszar. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

- E3. **PFRS Proposed Administrative Budget for Fiscal Years 2017-18 and 2018-19** – Plan Administrator Katano Kasaine presented the proposed 2-year PFRS Administrative Staff Budget for Fiscal Years 2017-18 and 2018-19. She explained the addition of the Staff Tuition Reimbursement budget item and its relationship to the staff training budget element of Travel Expenditures budget item. Member Muszar said he expressed concern at the Audit Committee meeting regarding the Administrative budget for Fiscal Years 2017-18 and 2018-19, particularly with the expenses related to staffing. He recommended the Board periodically review staffing expenses. Additionally, he said he did not agree with the practice of balancing administrative budget items by the use of the investment services line item.

Member Muszar also said he thinks the administrative expenses are exceedingly high, drawing comparison to other pensions systems on a 'per retiree/beneficiary' basis. He said he wishes to be able to discuss these concerns when the 2-year administrative budget is brought before the board for approval. Member Daniel addressed Member Muszar's concern about the 'per retiree/beneficiary' basis by explaining an alternative and equally relevant metric computes administrative expenses as a percentage of retiree payroll by removing the cost of investments, which equates to approximately 2 percent.

Member Speakman made a motion to accept the informational report, second by member Bernard. Following additional Board discussion, the board voted on the motion. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

- E4. **Annual Report for Fiscal Year ending June 30, 2016** – Mr. Jenkins reported that the Annual Report for Fiscal Year ending June 30, 2016 had been completed and was ready to be published. Member Speakman made a motion to approve the publication and printing of the 2016 PFRS Annual Report, second by member Bernard. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

- E5. **Resolution No. 6944 - Travel authorization for Board Member R. Steven Wilkinson** – Member Speakman noted that Member Wilkinson's travel request was for travel in January 2017 and written authorization was provided by President Johnson for Travel and Reimbursement. Member Speakman made a motion to approve resolution no. 6944, second by member Bernard. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – ABSTAIN]
(AYES: 6 / NOES: 0 / ABSTAIN: 1)

- E6. **Resolution No. 6951 - Travel Authorization for Board Member Robert Muszar** – Member Speakman made a motion to approve resolution no. 6951, second by member Daniel. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – ABSTAIN / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 6 / NOES: 0 / ABSTAIN: 1)

D R A F T

D R A F T

PFRS Board Meeting Minutes

February 22, 2017

Page 3 of 5

- E7. **Resolution No. 6952 - Travel Authorization for Board Member R. Steven Wilkinson** – Member Speakman made a motion to approve Resolution No. 6952, second by member Muszar. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – ABSTAIN]
(AYES: 6 / NOES: 0 / ABSTAIN: 1)

- E8. **Resolution No. 6953 - Travel Authorization for Board Member John Speakman** – Member Muszar made a motion to approve resolution no. 6953, second by member Daniel. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – ABSTAIN / WILKINSON – Y]
(AYES: 6 / NOES: 0 / ABSTAIN: 1)

- E9. **Resolution No. 6954 - Travel and Reimbursement Authorization for Board Member Robert Muszar** – Member Speakman reported that this travel request was withdrawn by member Muszar.

- E10. **Resolution No. 6955 - Travel and Reimbursement Authorization for Investment Committee Chairman Jaime Godfrey** – Member Speakman made a motion to approve resolution no. 6955, second by member Muszar. Motion passed.

[JOHNSON – Y / GODFREY – ABSTAIN / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 6 / NOES: 0 / ABSTAIN: 1)

- E11. **Resolution No. 6956 - Travel Authorization for Staff Member Katano Kasaine** – Member Speakman made a motion to approve resolution no. 6956, second by member Godfrey. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

F. PFRS INVESTMENT COMMITTEE MEETING – FEBRUARY 22, 2017

- F1. **Investment Fund Performance Report for the Quarter Ending December 31, 2016** – Sean Copus from PCA presented a detailed review of the PFRS Investment Fund Performance Report for the Quarter Ending December 31, 2016. Following Mr. Copus' review, member Godfrey made a motion to approve the Investment Fund Performance Report for the Quarter Ending December 31, 2016, second by Speakman. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

- F2. **Investment Market Overview** – David Sancewich reported on the global economic factors affecting the PFRS Fund. Member Godfrey made a motion accept the informational Report from PCA, second by Speakman. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

- F3. **Resolution No. 6942 – Authorization for service contract between Rice Hall James and Associates, LLC and PFRS** – Member Godfrey reported details of his Due Diligence visit to Rice Hall James and Associates, LLC. Member Speakman made a motion to approve Resolution No. 6942 authorizing a professional service agreement with Rice Hall James and Associates, LLC to serve as Investment Manager of the Small Cap Growth Asset Class Investment for the Oakland Police and Fire Retirement System over the term of five (5) years at a fee rate not to exceed 1.00% percent of the portfolio's assets value each year, second by member Muszar. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

D R A F T

D R A F T

- F4. **PFRS Fund Asset-Liability Study** – Mr. Sancewich provided an interactive presentation to the PFRS Board the asset-liability study. Mr. Sancewich's presentation detailed the effects and projections of the PFRS fund by different choices of asset allocation.

Following Mr. Sancewich's presentation and PFRS Board discussion, the Board recommended that PCA bring additional information to the next PFRS Investment committee meeting but also bring at least three asset allocation scenarios for board consideration.

- F5. **2017 Strategic Investment Agenda** – The PFRS Board tabled this matter to the March 2017 Investment Committee meeting.

- F6. **Resolution No. 6967 – Resolution exercising a one-year option to extend the agreement with Earnest Partners, LLC, to provide Mid Cap Core Asset Class Investment Manager services for the City of Oakland Police and Fire Retirement System board commencing March 24, 2017** – Member Godfrey reported the investment committee tabled this matter to the March 2017 Investment Committee meeting.

- F7. **Resolution No. 6968 – Resolution exercising a one-year option to extend the agreement with Fisher Investment, to provide International Equity Asset Class Investment Manager services for the City of Oakland Police and Fire Retirement System board commencing February 16, 2017** – Member Godfrey reported the investment committee tabled this matter to the March 2017 Investment Committee meeting.

- F8. **Resolution No. 6969 – Renewal of Service Agreement** – Resolution exercising a one-year option to extend the agreement with Northern Trust Investments, N.A., to provide Large Cap Core Asset Class Investment Manager services for the City of Oakland Police And Fire Retirement System Board commencing April 19, 2017 – Member Godfrey reported the investment committee tabled this matter to the March 2017 Investment Committee meeting.

- F9. **Assignment of PFRS Participation Agreement(s) by State Street Bank and Trust Company to SSGA Trust Company** – Mr. Sancewich explained the action taken by State Street and the effect to the related PFRS investment funds. Member Godfrey made a motion to recommend Board approval of State Street Global Advisors request for completion of approval of assignment of PFRS Participation Agreement(s) by State Street Bank and Trust Company to SSGA Trust Company, second by member Speakman. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

- G. **Administrative Update – PFRS Fire Member Jerry Almand and the Estate of Audrey Down** – PFRS Legal Counsel Pelayo Llamas reported on the details regarding a pension-related legal matter between fire member Jerry Almand and the estate of Audrey Down. Following some board discussion, member Speakman made a motion to accept the informational report, second by member Godfrey. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

- H. **Member Resolutions No. 6945-6949** – Member Muszar made a motion to approve the PFRS Member and Retirees Resolutions No. 6945-6949, second by member Bernard. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

D R A F T

PFRS Board Meeting Minutes

February 22, 2017

Page 5 of 5

- I. **NEW BUSINESS** – Scheduling request for claim in Retired Oakland Police Officers Association, et al. v. Oakland Police and Fire Retirement System, et al., Case No. RG-16838274, that retiree benefits are being miscalculated with respect to holiday premium pay and the 'floating holiday' – Member Muszar made a motion to table this scheduling request until the PFRS board had discussed the issues of this case with its outside counsel, second by member Bernard. Motion passed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 7 / NOES: 0 / ABSTAIN: 0)

- J. **OPEN FORUM** – No Speakers.

*Board meeting went into recess at 2:10 pm to allow the Certified Shorthand Reporter to set up the recording equipment.
Board meeting reconvened at 2:20 pm.*

- K. **Hearings related to the Recovery of Overpayments pursuant to PFRS Board Resolutions No. 6866, 6819 and 6825** – Please refer to the Transcript by shorthand reporter Kimberly Richardson, RPR, CCRR, CSR No. 5919) of Aiken Welch Court Reporters, 510-451-1580 for the full transcript of this agenda item.

The hearings were called to order at approximately 2:42 p.m. Mr. Robert Nichelini appeared as the representative of the Retired Oakland Police Officers Association (ROPOA) who informed the Board that he is appearing for and representing today all persons who filed a request for hearing, except for Isabel Angeja, Robert Edwards, Robert Heritage, Ronald Gunar, Carl Hurd, David Nishihara, and Linda Ross. Retiree Raymond Miller was also present, and he agreed to withdraw his request for an individual hearing and instead submit his matter with the other hearings consolidated today. Mr. Nichelini informed the Board that all claimants he represents are withdrawing any challenge to the PFRS Board's decision to recover 100% of overpaid holidays per Resolution No. 6825.

PFRS Legal Counsel Pelayo Llamas, Jr. recited an overview of the procedural history leading up to today's hearings.

After presentation of all arguments and discussion, a motion was made.

MOTION: Member Muszar moved that the Board grant the relief requested by the claimant retirees, and to accept the compromise and settlement offer contained on page 1 of representative Mr. Nichelini's report to the Board, second by member Bernard. Mr. Nichelini's request reads as follows:

For those members whose hearings have been consolidated, ROPOA proposes a compromise and settlement of this dispute as follows.. ROPOA will forego any further challenges to the Board's decision to recover 100 percent of holiday premium payments.. PFRS will modify its decision to collect 100 percent of post-judgment shift differential overpayments to 50 percent of such overpayments, and that staff be directed to return to the Board in March with a resolution implementing this decision.

Following Board discussion on this matter, a vote on the motion was taken. Motion failed.

[JOHNSON – Y / GODFREY – Y / BERNARD – Y / DANIEL – Y / MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y]
(AYES: 2 / NOES: 5 / ABSTAIN: 0)

The Certified Shorthand Reporter was excused from the meeting at 3:08 pm.

- L. **Future Scheduling** – The next meeting was scheduled for March 29, 2017.

The meeting adjourned at 3:09 pm.

KATANO KASAIN, BOARD SECRETARY

DATE

D R A F T

D R A F T

PFRS Board Meeting Minutes
March 29, 2017
Page 1 of 6

A SPECIAL BOARD MEETING of the Oakland Police and Fire Retirement System ("PFRS") was held March 29, 2017 in Hearing Room 1, One Frank Ogawa Plaza, Oakland, California

- Board Members Present:
- Walter L. Johnson, President
 - Steven Wilkinson, Member
 - Robert J. Muszar, Member
 - John C. Speakman, Member
 - Steven J. Bernard, Member
 - Christine Daniel, Member
- Board Members Absent:
- Jaime T. Godfrey, Vice President
- Additional Attendees:
- Pelayo Llamas, Jr., Deputy City Attorney / PFRS Legal Counsel
 - Katano Kasaine, Plan Administrator
 - David Low & Teir Jenkins, Staff Members
 - David Sancewich and Sean Copus, Pension Consulting Alliance (PCA)
 - Janice H. Dispo (Stenographer/Court Reporter, Aiken Welch)

Janice Dispo, Court Reporter, did not participate in the Board meeting until 1:19 pm.

The meeting was called to order at 11:15 am.

- CLOSED SESSION** – There were no public speakers. President Johnson convened a Closed Session of the Board at 11:16 am.
- Report of PFRS Action from Closed Session** – Regular Session of the Board resumed at 12:00 pm. President Johnson stated there was no reportable board action related to the Closed Session Agenda.

President Johnson moved Agenda Item H forward.

- H. Set a board hearing regarding the claim in Retired Oakland Police Officers Association, et al. v. Oakland Police and Fire Retirement System, et al., Case No. RG-16838274, that retiree benefits are being miscalculated with respect to holiday premium pay and the 'floating holiday'** – PFRS Legal Counsel Pelayo Llamas summarized the procedural history of the pending lawsuit, Retired Oakland Police Officers Association, et al. v. Oakland Police and Fire Retirement System, et al., Case No. RG-16838274. Member Daniel made a motion to set a hearing on August 30, 2017 to address the claims about Holiday Pay asserted by the plaintiffs in Case no. RG-16838274, second by member Speakman. Discussion continued.

Member Muszar stated that setting a hearing on this matter is premature. He said that the hearing before the judge is scheduled in early April 2017 and it would be prudent to wait for the judge's decision, which may include returning the matter to the Board for further review. Without any further discussion, the Board voted on the motion. Motion passed.

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

- Approval of PFRS Board Meeting Minutes** – Member Muszar said that comments he made regarding the 2-year budget discussion (Item No. E3 on the February 22, 2017 Agenda) were not included on the February 22, 2017 meeting minutes. He said he believes the omission of these comments inaccurately reports the Board discussion presented in the Board meeting minutes and requested staff review his comments and present them in the minutes accordingly. Member Muszar also said that the addition of the hearing transcripts was puzzling because it hadn't been added to previous meeting minutes.

D R A F T

D R A F T

PFRS Board Meeting Minutes
March 29, 2017
Page 2 of 6

Member Daniel said the meeting minutes for the Board meeting have been presented in summary form and focused on recording the actions of the Board. She said the nature of the Committee meeting minutes also records the actions of the committee but that inclusion of more discussion on the committee minutes were more acceptable than on the Board minutes. After some additional discussion, President Johnson directed staff to review the meeting minutes and resubmit the February 22, 2017 meeting minutes for approval at the next Board meeting. He directed staff to review Member Muszar's comments and add them to the minutes accordingly. No action was taken on this item.

D. PFRS AUDIT COMMITTEE MEETING – MARCH 29, 2017

D1. **PFRS Monthly Administrative Expenses Report** – Investment Officer Teir Jenkins presented the details of the PFRS administrative expenses report from July 1, 2016 through January 31, 2017. Member Muszar made a motion to accept the Administrative Expenses Report from July 1, 2016 through January 31, 2017, second by member Daniel. Motion passed.

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

D2. **Resolution No. 6964 – Resolution authorizing the retention of outside legal counsel to advise the retirement staff on legal matters that may arise upon the death of a member of the Police and Fire Retirement System** – Member Daniel reported that the Audit Committee recommends that the board enact the proposed Resolution No. 6964 as amended by the Audit Committees as follows (underline text indicates additions) rewording the final “Further Resolved”: state, “**FURTHER RESOLVED:** That the City Attorney’s office will issue a corresponding Request for Qualifications (RFQ) and, after consultation by a representative of the Audit Committee, select a qualified firm to advise the System on this matter.” A motion to approve Resolution No 6964 as amended was made by member Speakman, Second by member Muszar. Motion passed.

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

D3. **PFRS Administrative Budget for Fiscal Years 2017-18 and 2018-19** – Member Daniel presented comparative notes between the PFRS Administrative Budget Line items and the method used by the City of Oakland. Member Muszar said he presented his concerns about the administrative budget at the Audit Committee and reiterated his concerns about approval of the Administrative Budget in its current form. He said he would be voting to NOT APPROVE this 2-year administrative budget in its current form. Member Speakman made a motion to approve the PFRS Administrative Budget for Fiscal Years 2017-18 and 2018-19, second by Member Daniel. Motion passed.

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

D4. **Resolution No. 6954 - Travel and Reimbursement Authorization for Investment Officer Teir Jenkins** – Member Speakman made a motion to approve Resolution No. 6954, Travel Authorization for Staff Member Teir Jenkins to Travel and Attend the 2017 Pension Bridge Conference (“2017 Pension Bridge Conference”) from/on April 18, 2017 to April 19, 2017 in San Francisco, CA with an Estimated Budget of One Hundred Ninety-Three Dollars (\$193.00), second by member Muszar. Motion passed.

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

D5. **Resolution No. 6961 - Travel Authorization for Staff Member Katano Kasaine** – Member Speakman made a motion to approve Resolution No. 6461, the Travel Authorization for Staff Member Katano Kasaine to Travel and Attend the 2017 NASP Pension and Financial Services Conference (“2017 NASP Conference”) from/on June 26, 2017 to June 28, 2017 in Los Angeles,

D R A F T

D R A F T

PFRS Board Meeting Minutes

March 29, 2017

Page 3 of 6

CA with an Estimated Budget of One Thousand Seven Hundred Fifty-Seven Dollars (\$1,757.00), second by member Muszar. Motion passed.

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

E. PFRS INVESTMENT COMMITTEE MEETING – MARCH 29, 2017

- E1. **Investment Manager Performance Report–DDJ Capital Management, LLC** – Member Wilkinson reported that DDJ Capital Management presented a performance report of the PFRS investment with their company. Member Wilkinson made a motion to accept the informational report from DDJ Capital Management, LLC, second by Speakman. Motion passed.

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

- E2. **Investment Manager Overview – DDJ Capital Management** – Sean Copus from Pension Consulting Alliance, presented an overview of DDJ investment performance and management notes of their firm. Member Wilkinson made a motion to accept the informational report from PCA, second by Speakman. Motion passed.

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

- E3. **\$15.0 million 2nd Quarter 2017 Member Benefits Drawdown** – Mr. Copus presented the details of the \$15.0 million 2nd Quarter 2017 Member Benefits Drawdown. Member Muszar asked questions about the use of future City of Oakland pension payments to the PFRS fund for drawdown payments. Following Board discussion, Member Wilkinson made motion to approve the \$15.0 million 2nd Quarter 2017 Member Benefits Drawdown, second by Bernard. Motion passed.

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

- E4. **Investment Market Overview** – David Sancewich reported on the global economic factors affecting the PFRS Fund. Member Wilkinson made a motion accept the Informational Report from PCA, second by Bernard. Motion passed.

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

Member Wilkinson addressed Agenda items E6-E8 ahead of Agenda item E5.

- E6. **Resolution No. 6957 - Resolution modifying the Agreement with EARNEST Partners, LLC** – Member Wilkinson reported that the three service agreements presented today are set to expire shortly. He reported that the investment committee and staff discussed the resolutions to utilize the service contract extension section of each of the respective managers' service agreements. Member Wilkinson said resolution no. 6957 exercised the third of three extensions of the contract extensions between EARNEST Partners and PFRS and also amends the section of the service agreement which limited the number of contract extensions to three by rewriting this clause from 'three' extensions to 'unlimited' extensions. **MOTION:** Member Wilkinson made a motion to approve resolution no. 6957, exercising a one-year extension to this service agreement and amending the service agreement authorizing unlimited one-year contract extensions, second by member Bernard. Discussion continued.

Member Daniel asked for clarification about this amendment in the resolution which removed the number of contract amendments. The Board and staff discussed the revised contract amendment, which acted to force an annual review of the investment manager before approval of a new one-year extension. Staff reported that the option to cancel the service agreement with notice was still in force. Member Daniel said her concern was the tardy presentation of future service contract renewals which would force the Board to act before it had time to review its

D R A F T

PFRS Board Meeting Minutes

March 29, 2017

Page 4 of 6

options. Member Muszar said that the unlimited extensions language would seemingly preclude the occasional RFP process. President Johnson said that an annual review of the investment manager would be presented to the Board and, if the Board desired, could cancel the contract and issue an RFP at that time. David Sancewich added to President Johnson's example by stating that the service agreement amendment puts the discretion of issuing an RFP fully in the Board's hands while the current agreement REQUIRES the issuance of an RFP at the expiration of the final contract extension. Following more Board discussion, The Board voted on the motion. Motion passed.

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

- E7. **Resolution No. 6958 - Resolution exercising a one-year option to extend the Agreement with Fisher Investment** – Member Wilkinson made a motion to approve resolution no. 6958, exercising a one-year extension to this service agreement, second by Bernard. Motion passed.

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

- E8. **Resolution No. 6959 – Resolution modifying the Agreement with Northern Trust Investments, N.A.** – Member Wilkinson made a motion to approve resolution no. 6959, exercising a one-year extension to this service agreement and amending the service agreement authorizing unlimited one-year contract extensions, second by Member Bernard. Motion passed.

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

- E5. **PFRS Fund Asset-Liability Study** – Mr. Sancewich presented several recommendations for a new asset allocation strategy at this meeting. He explained the inclusion of the Crisis Risk Offset (CRO) asset class and the benefits to the PFRS portfolio. The Board discussed the resumption pension payments by the City of Oakland beginning July 1, 2017 and about the best utilization of these funds. Following additional Board discussion, Member Daniel made a motion to approve the PCA recommendation for a new asset allocation plan for the PFRS fund, second by member Speakman. Motion passed.

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

- F. **Resolution No. 6962 – Resolution regarding February 22, 2017 hearings requested by Oakland Police and Fire Retirement System (PFRS) police retiree members or their survivors related to the recovery of overpayments pursuant to PFRS board Resolutions No. 6866, 6819 and 6825** – PFRS Legal Counsel Pelayo Llamas reviewed resolution no. 6962, reporting that it memorialized the actions of the Board from the February 22, 2017 hearing. Member Speakman made a motion to approve Resolution No. 6962, second by member Wilkinson. Motion passed.

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

- G. **Member Resolutions No. 6960 & 6963** – Member Bernard made a motion to approve Resolution No. 6960 approving the Death Benefit Allowance payments to (1) the estate of Steven Bunting and (2) the estate of Charles McGovern, second by member Muszar. Motion passed.

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

Member Muszar made a motion to approve Resolution No. 6963, which acted to rescind Resolution No. 6893-amended and also Determine That the Death of Paul M. Carlisle, a Member of the Police and Fire Retirement System, Resulted From Injury or Illness Caused by the Performance of Duty, second by member Daniel. Motion passed.

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

D R A F T

D R A F T

H. **NEW BUSINESS** – Member Muszar proposed three matters which he requested to be scheduled to the next Audit Committee for discussion:

- Set schedule for review and possible recommendations to modify/update PFRS Rules and Regulations.
- Set schedule for the discussion/development of protocols regarding the handling of confidential medical/health information particularly as it relates to HIPAA.
- Discussion regarding possible administrative/management audit of PFRS administration.

Member Muszar made a motion to add these three items to the next audit committee meeting, second by member Daniel. Motion passed.

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

I. **OPEN FORUM** – Mr. Llamas reported that the legal opinion regarding Public Employees' Pension Reform Act of 2013 (PEPRA) as it pertains to PFRS was not ready by the March 2017 meeting, and that he expects it to be provided by the April 2017 meeting. He also notified the PFRS board of the action by the City of Oakland Public Ethic Commission dismissing the 2013 complaint lodged by the Retired Oakland Police Officers Association against the PFRS board which alleged the PFRS Board conducted illegal closed sessions.

*Board meeting went into recess at 1:15 pm to allow the Certified Shorthand Reporter to set up the recording equipment.
Board meeting reconvened at 1:19 pm.*

J. **Hearings related to the Recovery of Overpayments pursuant to PFRS Board Resolutions No. 6866, 6819 and 6825 –**

1. **Robert Edwards** - PFRS Investment Officer Teir Jenkins reported that Mr. Robert Edwards informed the PFRS staff that he would not appear at the PFRS board meeting scheduled for this day and requested a statement submitted by him be read to the PFRS board. Copies of the written statement were passed out to each Board member.

Board went into recess at 1:22 pm to review Mr. Edward's statement; resuming at 1:26 pm.

MOTION: Following Board discussion of Mr. Edward's evidence and statement, Member Daniel made a motion to deny Mr. Edward's request for release from the repayment of overpayments to PFRS, second by member Wilkinson. Discussion continued.

Member Muszar made a substitute motion recommending Mr. Edward's request be reviewed by staff to research assertion related to item #5 of his statement. No second to Mr. Muszar's motion was made.

Mr. Muszar stated that Mr. Edwards previously submitted a Financial Hardship Hearing Request and resulted in a denial of his financial hardship claim. Mr. Muszar said he had not heard from Mr. Edwards since that time in April 2016, but Edward's current statement addresses his request to a re-hearing on his financial hardship hearing, which Mr. Muszar said he does not know the status of.

President Johnson said that in Mr. Edward's financial hardship case, he refused to provide any information or documents to support his assertions, and that he has still not provided any. Staff needed information, so he does not think a rehearing is merited. The Board voted on Member Daniel's motion. Motion passed.

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

D R A F T

D R A F T

PFRS Board Meeting Minutes
March 29, 2017
Page 6 of 6

2. **Ronald Gunar** - Mr. Jenkins reported that Mr. Ronald Gunar sent an email to PFRS staff stating his desire to withdraw his hearing request. Member Muszar made a motion to accept Mr. Gunar's withdrawal of his hearing request, second by member Speakman. Motion passed.

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

The Certified Shorthand Reporter was excused from the meeting at 1:33 pm.

- K. **Future Scheduling** – The next meeting was scheduled for April 26, 2017.

The meeting adjourned at 1:34 pm.

KATANO KASAIN, BOARD SECRETARY

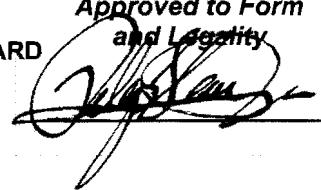
DATE

D R A F T

OAKLAND POLICE AND FIRE RETIREMENT BOARD
CITY OF OAKLAND, CALIFORNIA

Approved to Form
and Locality

RESOLUTION No. 6966



ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

**RESOLUTION FIXING THE MONTHLY ALLOWANCE OF MARIDA G.
BROSTROM, SURVIVING SPOUSE(S) OF THE RETIRED MEMBER(S) OF
THE POLICE AND FIRE RETIREMENT SYSTEM**

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

WHEREAS, the surviving spouse(s), whose name(s) appears below in Column (5), do/does not claim such death resulted from injury in or illness caused by the performance of duty; and 

WHEREAS, there is now presented to this Board, the amount in Column (8), as shown on Retirement Allowance Roll Number(s) in Column (4) 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(s) in Column (8), as the monthly allowance(s) to which said surviving spouse(s) is/are entitled, effective on the date(s) shown in Column (6):

(1) Name of Deceased Member	(2) Date of Death	(3) Type of Retirement	(4) Retirement Roll Number	(5) Name of Surviving Spouse	(6) Effective Date of Allowance	(7) % of Compensation Attached to Avg. Rank Held	(8) Monthly Allowance
Adolph Brostrom (F)	12/08/2016	Disability	8677	Marida G.	12/09/2016	35.228%	\$3,722.26

IN BOARD MEETING, CITY HALL, OAKLAND, CA _____ APRIL 26, 2017 _____

PASSED BY THE FOLLOWING VOTE:

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

NOES:

ABSENT:

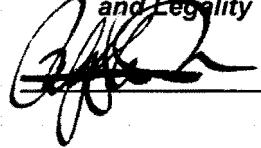
ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY

OAKLAND POLICE AND FIRE RETIREMENT BOARD *Approved to Form
and Legality*

CITY OF OAKLAND, CALIFORNIA

RESOLUTION NO. 6967



ON MOTION OF MEMBER _____ SECONDED BY MEMBER _____

**RESOLUTION APPROVING DEATH BENEFIT ROLL AND DIRECTING
WARRANTS THEREUNDER IN THE TOTAL SUM OF \$1,000.00.**

WHEREAS, due proof having been received of the death of the person(s) named in Column (1) below, active or retired member(s) of the Police and Fire Department, under Article XIV, XV or XXVI of the Charter of the City of Oakland; and

WHEREAS, the beneficiary(ies) to whom the death benefit provided in Charter Section stated in Column (3) is payable, is the person(s) whose name(s) is/are stated in Column (5) opposite the respective name(s) of the deceased active or retired member; and

WHEREAS, the amount of said death benefit is stated in Column (6) opposite said respective name(s); now, therefore, be it

RESOLVED: That the Retirement Board approves, and it does hereby approve Death Benefit Roll Number in Column (4), a copy of which is attached hereto, providing for payment of such death benefit to the person(s) named in Column (5); and be it

FURTHER RESOLVED: That the Director of Finance, be and is hereby directed to draw and sign warrant(s) for the amount in Column (6) payable to the respective person(s) whose name(s) appear(s) in Column (5):

(1) Name of Deceased Member	(2) Status of Member	(3) Charter Section	(4) Death Benefit Roll Number	(5) Name of Beneficiary (Relationship of Beneficiary)	(6) Death Benefit Amount
George Green (F)	Retired	2612	8690	Claudia Threlkeld (daughter-in-Law)	\$1,000.00
Henry A. Otto (P)	Retired	2612	8690	Dagny O. Cooper (Significant Other)	\$1,000.00

IN BOARD MEETING, CITY HALL, OAKLAND, CA APRIL 26, 2017

PASSED BY THE FOLLOWING VOTE:

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

NOES:

ABSENT:

ATTEST: _____
PRESIDENT

ATTEST: _____
SECRETARY

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

RETIREMENT BOARD MEMBERS

Walter L. Johnson, Sr.
President

Jaime T. Godfrey
Vice President

Robert J. Muszar
Member

R. Steven Wilkinson
Member

Steven J. Bernard
Member

John C. Speakman
Member

Christine Daniel
Member

AGENDA

**CLOSED SESSION of the BOARD OF ADMINISTRATION
of the OAKLAND POLICE AND FIRE RETIREMENT SYSTEM ("PFRS")**

**Wednesday, April 26, 2017 –during regular meeting starting at 11:00 am
One Frank H. Ogawa Plaza, Hearing Room 1
Oakland, California 94612**

- - - ORDER OF BUSINESS - - -

**THE PFRS BOARD WILL MEET IN CLOSED SESSION
DURING ITS SCHEDULED BOARD MEETING**

Please see the meeting agenda for open session items. The board will convene in open session prior to the closed session. Speakers may address the items of business on the closed session agenda prior to closed session. All speakers must fill out a speaker's card and submit it to the Secretary to the Board. The Board will reconvene in open session following the closed session to report any final decisions that the board makes in closed session.

Pursuant to California Government Code Section 54956.9(d)(1):

1. CONFERENCE WITH LEGAL COUNSEL – PENDING LITIGATION

ROPOA et al v Oakland Police and Fire Retirement System et al, Alameda County Superior Court
Action No. RG16838274