

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

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



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

# AGENDA

## AUDIT COMMITTEE MEMBERS

**John C. Speakman**  
Chairman

**Katano Kasaine**  
Member

**Robert J. Muszar**  
Member

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

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

**Wednesday, July 31, 2019 – 9:00 am**  
**One Frank H. Ogawa Plaza, Hearing Room 1**  
**Oakland, California 94612**

**- - - ORDER OF BUSINESS - - -**

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

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**Recommendation: APPROVE** June 26, 2019 Audit Committee meeting minutes.
- 2. Subject: Scope of Services and initiation of the Financial Audit of the PFRS fund for the Fiscal Year Ending June 30, 2019**  
**From: Macias Gini & O'Connell, LLP and Staff of the PFRS Board**

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**Recommendation: RECOMMEND BOARD APPROVAL** of the Scope of Services and initiation of the Financial Audit of the PFRS fund for the Fiscal Year Ending June 30, 2019.
- 3. Subject: Administrative Expenses Report**  
**From: Staff of the PFRS Board**

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**Recommendation: ACCEPT** an informational report regarding PFRS administrative expenses from July 1, 2018 through May 30, 2019.
- 4. Subject: Hearing Procedures and Handling of Confidential Member Medical Files**  
**From: Staff of the PFRS board and PFRS Legal Counsel**

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**Recommendation: DISCUSSION** of Hearing Procedures and Handling of Confidential Member Medical Files, and provide staff direction in this regard.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
REGULAR AUDIT COMMITTEE MEETING  
JULY 31, 2019**

**ORDER OF BUSINESS, continued**

5. **Subject:** **RESOLUTION No. 7064 – Travel authorization for PFRS Legal Counsel Jennifer Logue to travel and attend the California Association of Public Employee Retirement Systems (CALAPRS) Attorneys’ Roundtable (2019 CALAPRS Attorneys’ Roundtable) on September 20, 2019 in Oakland, CA with an estimated budget of One Hundred Twenty-five Dollars (\$125.00)**
- From:** Staff of the PFRS Board
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- Recommendation:** **RECOMMEND BOARD APPROVAL** of Resolution No. 7064 – Travel authorization for PFRS Legal Counsel Jennifer Logue to travel and attend the California Association of Public Employee Retirement Systems (CALAPRS) Attorneys’ Roundtable (2019 CALAPRS Attorneys Roundtable) on September 20, 2019 in Oakland, CA with an estimated budget of One Hundred Twenty-five Dollars (\$125.00).
6. **Subject:** **2006 Management Audit of the PFRS System**
- From:** Staff of the PFRS Board
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- Recommendation:** **ACCEPT** an informational report regarding the 2006 Management Audit of the PFRS System.
7. **REVIEW OF PENDING AUDIT AGENDA ITEMS**
8. **Future Scheduling**
9. **Open Forum**
10. **Adjournment of Meeting**

**AN AUDIT/OPERATIONS COMMITTEE MEETING** of the Oakland Police and Fire Retirement System (“PFRS”) was held on Wednesday, June 26, 2019 in Hearing Room 1, One Frank Ogawa Plaza, Oakland, California.

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

Committee Members Absent: • Katano Kasaine, Member

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

The Meeting was called to order at 9:31 a.m.

1. **PFRS Audit Committee Meeting Minutes** – Member Muszar made a motion to approve the May 29, 2019 Audit Committee meeting minutes, second by Chairman Speakman. Motion passed.

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

2. **Administrative Expenses Report** – Teir Jenkins presented an informational report on the status of the administrative expenditures of the PFRS plan through April 30, 2019.

**Motion:** Member Muszar made a motion to accept the informational report, second by Chairman Speakman. Motion passed.

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

3. **Development of Hearing Procedures for PFRS Members** – Member Muszar presented his report which provided his research to show that he believed the audit committee had previously instructed the PFRS Legal Counsel to (1) write hearing procedures, and (2) to develop procedures on confidential medical records. PFRS Legal Counsel Jennifer Logue said that Member Muszar may make a motion at today’s full board meeting to have this matter placed on the Audit/Operations Committee agenda as an action item. She explained that bringing this matter back to the Audit Committee as an action item would be helpful because it would permit the committee to fully discuss the matter and provide direction to staff and counsel. Ms. Logue said she would also continue to do research on both aspects of Member Muszar’s memo in preparation for future committee discussion.

**Motion:** After some additional discussion, Chairman Speakman made a motion to accept the informational report from Member Muszar, second by Member Muszar. Motion passed.

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

4. **Pending Audit Agenda List** – Plan Administrator David Jones reported the status of agenda items Audit/Operations Committee’s pending list.
5. **Future Scheduling** – The next Audit Committee meeting was scheduled for July 31, 2019.
6. **Open Forum** – No Speakers.
7. **Meeting Adjournment** – Meeting adjourned at 9:51 a.m.

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**JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN**

**DATE**

**DRAFT**



July 1, 2019

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

The following represents our understanding of the services we will provide Oakland Police and Fire Retirement System (Retirement System).

You have requested that we audit the financial statements of Retirement System, a pension trust fund of the City of Oakland, as of June 30, 2019, and for the year then ended and the related notes, which collectively comprise Retirement System's basic financial statements. We are pleased to confirm our acceptance and our understanding of this audit engagement by means of this letter. Our audit will be conducted with the objective of our expressing an opinion on each opinion unit applicable to those basic financial statements.

Accounting principles generally accepted in the United States of America, (U.S. GAAP,) as promulgated by the Governmental Accounting Standards Board (GASB) require that supplementary information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the GASB, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the required supplementary information (RSI) in accordance with auditing standards generally accepted in the United States of America, (U.S. GAAS). These limited procedures will consist primarily of inquiries of management regarding their methods of measurement and presentation, and comparing the information for consistency with management's responses to our inquiries. We will not express an opinion or provide any form of assurance on the RSI. The following RSI is required by U.S. GAAP. This RSI will be subjected to certain limited procedures but will not be audited:

- 1) Management's Discussion and Analysis
- 2) Schedule of Changes in the Employer's Net Pension Liability and Related Ratios
- 3) Schedule of Employer Contributions
- 4) Schedule of Investment Returns

The Retirement System's annual report will also include introductory, investment, and actuarial sections prepared by the Retirement System that will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that other information.

### **Auditor Responsibilities**

We will conduct our audit in accordance with U.S. GAAS. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the basic financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the basic financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the basic financial statements, whether due to fraud or error, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements.

An audit also includes evaluating the appropriateness of accounting policies used, and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of

the basic financial statements. If appropriate, our procedures will, therefore, include tests of documentary evidence that support the transactions recorded in the accounts, tests of the physical existence of inventories, and direct confirmation of cash, investments, and certain other assets and liabilities by correspondence with creditors and financial institutions. As part of our audit process, we will request written representations from the Retirement System's attorneys, and they may bill the Retirement System for responding. At the conclusion of our audit, we will also request certain written representations from management about the basic financial statements and related matters.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, an unavoidable risk that some material misstatements (whether caused by errors, fraudulent financial reporting, misappropriation of assets, or violations of laws or governmental regulations) may not be detected exists, even though the audit is properly planned and performed in accordance with U.S. GAAS.

In making our risk assessments, we consider internal control relevant to the Retirement System's preparation and fair presentation of the basic financial statements in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing an opinion on the effectiveness of the Retirement System's internal control. However, we will communicate to you in writing concerning any significant deficiencies or material weaknesses in internal control relevant to the audit of the basic financial statements that we have identified during the audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any other periods.

We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the basic financial statements are other than unmodified, we will discuss the reasons with management in advance. If for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or to issue a report as a result of this engagement.

### **Compliance with Laws and Regulations**

As previously discussed, as part of obtaining reasonable assurance about whether the basic financial statements are free of material misstatement, we will perform tests of the Retirement System's compliance with the provisions of applicable laws, regulations, contracts, and agreements. However, the objective of our audit will not be to provide an opinion on overall compliance, and we will not express such an opinion.

### **Management Responsibilities**

Our audit will be conducted on the basis that management acknowledge and understand that they have responsibility:

- a. For the preparation and fair presentation of the basic financial statements in accordance with accounting principles generally accepted in the United States of America;
- b. For the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of basic financial statements that are free from material misstatement, whether due to error, fraudulent financial reporting, misappropriation of assets, or violations of laws, governmental regulations, grant agreements, or contractual agreements; and
- c. To provide us with:
  - i. Access to all information of which management is aware that is relevant to the preparation and fair presentation of the basic financial statements such as records, documentation, and other matters;
  - ii. Additional information that we may request from management for the purpose of the audit; and
  - iii. Unrestricted access to persons within the entity from whom we determine it necessary to obtain audit evidence.

- d. For including the auditor's report in any document containing basic financial statements that indicates that such basic financial statements have been audited by the entity's auditor;
- e. For identifying and ensuring that the entity complies with the laws and regulations applicable to its activities;
- f. For adjusting the basic financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the current year period under audit are immaterial, both individually and in the aggregate, to the basic financial statements as a whole; and
- g. For maintaining adequate records, selecting and applying accounting principles, and safeguarding assets.

As part of our audit process, we will request from management written confirmation concerning representations made to us in connection with the audit.

### **Reporting**

We will issue a written report upon completion of our audit of the Retirement System's basic financial statements. Our report will be addressed to the Board of Administration of the Retirement System. We cannot provide assurance that an unmodified opinion will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions, add an emphasis-of-matter or other-matter paragraph(s), or withdraw from the engagement.

### **Other**

We understand that the Retirement System's employees will prepare all confirmations we request and will locate any documents or support for any other transactions we select for testing.

If the Retirement System intends to publish or otherwise reproduce the basic financial statements and make reference to our firm, you agree to provide us with printers' proofs or masters for our review and approval before printing. You also agree to provide us with a copy of the final reproduced material for our approval before it is distributed.

### **Provisions of Engagement Administration, Timing and Fees**

Macias Gini & O'Connell LLP (MGO) is the U.S. firm of our network of separate and independent MGO firms. MGO may, in its discretion, draw on resources of its subsidiaries, its affiliates, and/or third-party contractors, in each case within or outside the United States, in connection with the provision of services. The Retirement System agrees that MGO may provide access to information it receives in connection with this agreement to our other resources. We may share confidential information about the Retirement System with these service providers, but remain committed to maintaining the confidentiality and security of the Retirement System's information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of the Retirement System's personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of the Retirement System's information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of the Retirement System's confidential information to others. Furthermore, we will remain responsible for the provision of the services.

In the performance of our professional services, we may communicate with each other and/or with others via email transmission. As emails can be intercepted and read, disclosed, or otherwise used by an unintended third party, we cannot guarantee that such email communication will be properly delivered and

read only by the addressee. While we will use our best efforts to keep such communications secure in accordance with our obligations under applicable laws and professional standards, you recognize and accept that we have no control over the unauthorized interception of these communications once they have been sent. Therefore, you hereby waive any liability whatsoever for any unintended interception or unintentional disclosure of email transmissions in connection with the performance of our professional services. MGO uses cloud-based computing services, including the storage of data and files, at third party, offsite, secure facilities. In that regard, you agree that we shall have no liability for any loss or damage to any person or entity resulting from the use of email transmissions and cloud-based computing, including any direct or indirect damages that may result from any inadvertent or unanticipated disclosure of confidential or proprietary information, or disclosure through third party criminal conduct (e.g., hackers or hacking activities).

We expect to begin our audit on approximately July 8, 2019 and to issue our reports no later than October 31, 2019. Annie Louie is the engagement partner for the audit services specified in this letter. Her responsibilities include supervising our services performed as part of this engagement and signing or authorizing another qualified firm representative to sign the audit report.

Management agree to inform us of facts that may affect the basic financial statements of which management may become aware during the period from the date of the auditor's report to the date the financial statements are issued.

At the conclusion of our audit engagement, we will communicate to the Board of Administration the following significant findings from the audit:

- Our view about the qualitative aspects of the entity's significant accounting practices;
- Significant difficulties, if any, encountered during the audit;
- Uncorrected misstatements, other than those we believe are trivial, if any;
- Disagreements with management, if any;
- Other findings or issues, if any, arising from the audit that are, in our professional judgment, significant and relevant to those charged with governance regarding their oversight of the financial reporting process;
- Material, corrected misstatements that were brought to the attention of management as a result of our audit procedures;
- Representations we requested from management;
- Management's consultations with other accountants, if any; and
- Significant issues, if any, arising from the audit that were discussed, or the subject of correspondence, with management.

The audit documentation for this engagement is the property of MGO and constitutes confidential information. However, we may be requested to make certain audit documentation available to a regulator or its designees pursuant to authority given to it by law or regulation, or to peer reviewers. If requested, access to such audit documentation will be provided under the supervision of MGO's personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend or decide, to distribute the copies of information contained therein to others, including other governmental agencies. We agree to retain our audit documentation or work papers for a period of at least seven years from the date of our report.

Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to the Retirement System in the performance of our services. Any discussions that the Retirement System has with personnel of our firm regarding employment could pose a threat to our

independence. Therefore, the Retirement System agrees to inform us prior to any such discussions that we can implement appropriate safeguards to maintain our independence.

We appreciate the opportunity to be the Retirement System's financial statement auditors and look forward to working with the Retirement System.

Respectfully,

A handwritten signature in black ink that reads "Macias Gini & O'Connell LLP". The signature is written in a cursive, slightly slanted style.

Macias Gini and O'Connell LLP

RESPONSE:

This letter correctly sets forth the understanding of the Oakland Police and Fire Retirement System. Management acknowledge and agree with the arrangements for the audit of the basic financial statements, including our respective responsibilities.

Signed: \_\_\_\_\_

Name and Title: \_\_\_\_\_

Date: \_\_\_\_\_

Table 1

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
 Administrative Budget Spent to Date (Preliminary)  
 As of May 31, 2019

	Approved Budget					
		May 2019	FYTD	Remaining	Percent Remaining	
<b>Internal Administrative Costs</b>						
PFRS Staff Salaries	\$ 1,084,000	\$ 87,786	\$ 840,565	\$ 243,435	22.5%	
Board Travel Expenditures	52,500	522	8,870	43,630	83.1%	
Staff Training	20,000	-	1,233	18,767	93.8%	
Staff Training - Tuition Reimbursement	7,500	-	1,640	5,860	78.1%	
Annual Report & Duplicating Services	4,000	-	-	4,000	100.0%	
Board Hospitality	3,600	444	2,274	1,326	36.8%	
Payroll Processing Fees	35,000	-	-	35,000	100.0%	
Miscellaneous Expenditures	46,700	3,220	31,004	15,696	33.6%	
Internal Service Fees (ISF)	65,400	4,590	64,974	426	0.7%	
Contract Services Contingency	50,000	11,823	28,688	21,312	42.6%	
Office Construction Costs*	75,227	7,194	34,353	40,874	54.3%	
<b>Internal Administrative Costs Subtotal :</b>	<b>\$ 1,443,927</b>	<b>\$ 115,578</b>	<b>\$ 1,013,601</b>	<b>\$ 430,326</b>	<b>29.8%</b>	
<b>Actuary and Accounting Services</b>						
Audit	\$ 45,000	\$ -	\$ 44,300	\$ 700	1.6%	
Actuary	45,000	-	36,454	8,546	19.0%	
<b>Actuary and Accounting Subtotal:</b>	<b>\$ 90,000</b>	<b>\$ -</b>	<b>\$ 80,754</b>	<b>\$ 9,246</b>	<b>10.3%</b>	
<b>Legal Services</b>						
City Attorney Salaries	\$ 188,000	\$ -	\$ 100,593	\$ 87,407	46.5%	
Legal Contingency	150,000	21,018	32,588	117,412	78.3%	
<b>Legal Services Subtotal:</b>	<b>\$ 338,000</b>	<b>\$ 21,018</b>	<b>\$ 133,181</b>	<b>\$ 204,819</b>	<b>60.6%</b>	
<b>Investment Services</b>						
Money Manager Fees	\$ 1,301,900	\$ 162,922	\$ 793,825	\$ 508,075	39.0%	
Custodial Fee	124,000	-	58,250	65,750	53.0%	
Investment Consultant (PCA)	100,000	-	75,000	25,000	25.0%	
<b>Investment Subtotal:</b>	<b>\$ 1,525,900</b>	<b>\$ 162,922</b>	<b>\$ 927,075</b>	<b>\$ 598,825</b>	<b>39.2%</b>	
<b>Total Operating Budget</b>	<b>\$ 3,397,827</b>	<b>\$ 299,518</b>	<b>\$ 2,154,611</b>	<b>\$ 1,243,216</b>	<b>36.59%</b>	

\*Carry Forward from FY 2017-2018

Table 2

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

Cash in Treasury (Fund 7100) - Preliminary

As of May 31, 2019

	May 2019
<b>Beginning Cash as of 4/30/2019</b>	\$ 7,758,328
<b>Additions:</b>	
City Pension Contribution - May	\$ 3,735,083
Investment Draw (Incoming Wire) - 5/1/2019	1,000,000
Misc. Receipts	9,895
<b>Total Additions:</b>	\$ 4,744,978
<b>Deductions:</b>	
Pension Payment (April Pension Paid on 5/1/2019)	(5,694,059)
Expenditures Paid	(303,918)
<b>Total Deductions</b>	\$ (5,997,977)
 <b>Ending Cash Balance as of 5/31/2019*</b>	 \$ 6,505,329

*\* On 6/1/2019, May pension payment of appx \$4,598,000 will be made leaving a cash balance of \$1,907,000*

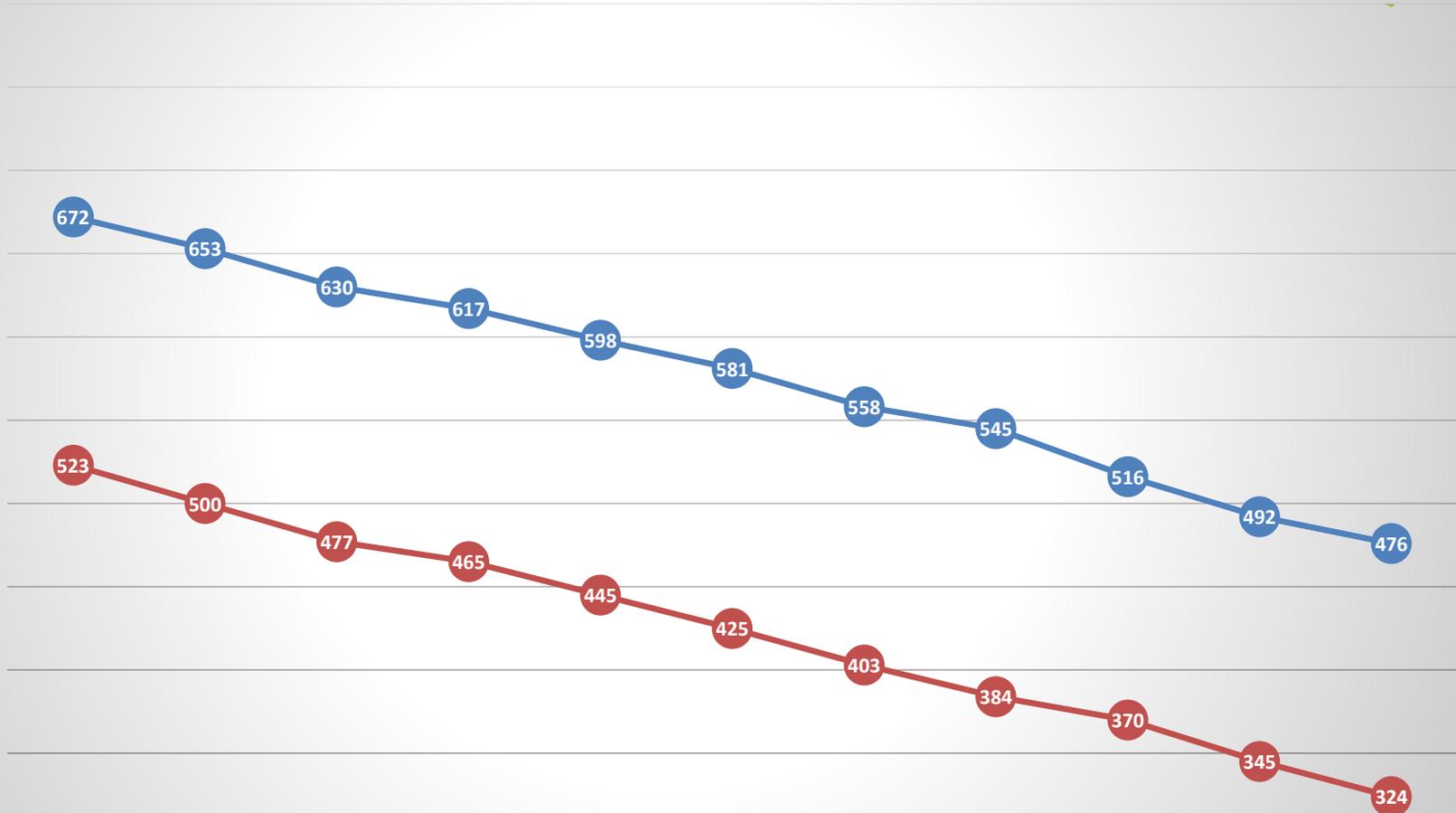
**Table 3**  
**CITY OF OAKLAND POLICE AND FIRE RETIREMENT SYSTEM**

Census  
As of May 31, 2019

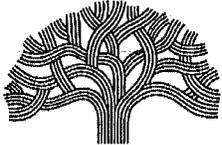
COMPOSITION	POLICE	FIRE	TOTAL
<b>Retired Member:</b>			
Retiree	350	200	550
Beneficiary	126	124	250
<b><i>Total Retired Members</i></b>	<b>476</b>	<b>324</b>	<b>800</b>
<b><i>Total Membership:</i></b>	<b>476</b>	<b>324</b>	<b>800</b>

COMPOSITION	POLICE	FIRE	TOTAL
<b>Retired Member:</b>			
Service Retirement	315	168	483
Disability Retirement	147	142	289
Death Allowance	14	14	28
<b><i>Total Retired Members:</i></b>	<b>476</b>	<b>324</b>	<b>800</b>
<b><i>Total Membership as of May 31, 2019:</i></b>	<b>476</b>	<b>324</b>	<b>800</b>
<b><i>Total Membership as of June 30, 2018:</i></b>	<b>492</b>	<b>345</b>	<b>837</b>
<b><i>Annual Difference:</i></b>	<b>-16</b>	<b>-21</b>	<b>-37</b>

## Oakland Police and Fire Retirement System Pension Plan Membership Count As of May 31, 2019 (FY 2009 - FY 2019)



	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019 FYTD
Police	672	653	630	617	598	581	558	545	516	492	476
Fire	523	500	477	465	445	425	403	384	370	345	324
Total	1195	1153	1107	1082	1043	1006	961	929	886	837	800



CITY OF OAKLAND

# AGENDAREPORT

**TO:** Oakland Police and Fire  
Retirement Board

**FROM:** David Jones

**SUBJECT:** Hearing Procedures and Handling of  
Confidential Member Medical Files

**DATE:** July 22, 2019

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## BACKGROUND

At the June 26, 2019 Audit and Operations Committee (“Committee”) meeting, Committee Member Robert Muszar presented for informational purposes a historical summary of discussions the Committee and the Oakland Police and Fire Retirement Board (“Board”) has had about the development of procedures for public hearings conducted by the Board and the development of procedures for maintaining the confidentiality of members’ medical information during public hearings. The primary purpose of the informational report was to attempt to provide clarity regarding the instructions that had been previously given to the City Attorney with regard to the development of said procedures and the handling of sensitive medical files.

At the June 26, 2019 Board meeting, Board Member Robert Muszar made a motion to place the development of procedures for public hearings and for maintaining the confidentiality of members’ medical information on the next Audit and Operations Committee meeting agenda as an action item to permit the Committee to provide renewed directions to staff and/or the City Attorney in this regard. The motion passed and, therefore, the development of procedures for public hearings and for maintaining the confidentiality of members’ medical information has been agendized for discussion and action by the Committee. Committee Member Muszar’s May 6, 2019 memorandum with exhibits has been attached for reference (**ATTACHMENT 1**).

Respectfully submitted,

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David Jones, Plan Administrator  
Oakland Police and Fire Retirement System

Attachments (1):

1. *May 6, 2019 Memorandum and Exhibits by Robert J. Muszar.*

PFRS Board Meeting  
July 31, 2019

# **ATTACHMENT 1**

**To:** PFRS Audit and Operations Committee  
Via May 2019 Agenda Package  
David Jones, Plan Administrator  
Jennifer Logue

**From:** Robert J. Muszar

**Date:** May 6, 2019

**Subject:** Research into Direction Provided by Audit Committee to Deputy City Attorney Regarding the Development of Hearing Procedures

At the April 24, 2019 Audit and Operations Committee ("Committee") meeting I was assigned to research the nature and the scope of the Committee's prior decisions/direction regarding the development of hearing procedures for the Committee's review, consideration and possible recommendation to the PFRS Board.

The Committee decided to review and possibly update the PFRS Rules and Regulations at its April 26, 2017 meeting. The first substantive discussion on the matter was scheduled for the Committee's May 2017 meeting. The minutes of the April 26, 2017, which are attached as Exhibit 1, indicate that I brought up the possible development of hearing procedures as a part of the Committee's review.

The Committee's review of the rules and regulations actually began at its May 31, 2017 meeting. A staff report, dated May 24, 2017, was included in the Committee's agenda package (Exhibit 2). Attachment B to this staff report was a memorandum from me responding to the Committee's request for comments and/or suggestions. Near the end of this memorandum I requested that certain topics be added to the Committee's review. They included the possible addition of:

"Article/Sections setting forth hearing procedures for Board hearings conducted pursuant to Sections 2603 and/or 2604 of the City Charter".

"Article/Sections setting forth hearing procedures for public hearings conducted for purposes other than Sections 2603/2604 of the Charter".

The minutes of the May 31, 2017 meeting further indicate that I provided the Committee with a four page memorandum of discussion points and that I "read aloud through the points and provided details verbally." The minutes of the May 2017 Committee meeting and the four page memorandum are attached as Exhibits 3 and 4 respectively. In the May 31 memorandum I again suggested that the Committee consider adding the following topics to the PFRS Rules and Regulations:

"Hearing procedures for hearings conducted pursuant to Sections 2603 and/or 2604 of the City Charter."

"Hearing procedures for public hearings conducted for purposes other than Sections 2603/2604."

The Committee continued its review at the June 28, 2017 meeting. Although I had provided staff with a memorandum regarding the Committee's review on June 14, 2017 it was not included in the Agenda package. Therefore I handed the memorandum out at the June 28 meeting. The minutes of the June 28 meeting and my June 14 memorandum are included as Exhibits 5 and 6, respectively. In the June 14 memorandum, I once again requested that the Committee's review include:

"Hearing procedures for hearings conducted pursuant to Sections 2603 and 2604 of the Charter."

"Hearing procedures for public hearings that are not conducted pursuant to Sections 2603/2604 of the Charter."

The Committee's July 26, 2017 meeting was canceled. The Committee next discussed possible revisions to the rules and regulations at its August 30, 2017 meeting. An extensive staff report, which included an updated version of my June 14, 2017 memorandum, was included in the agenda package. The minutes of the August 30 meeting and the staff report are included as Exhibits 7 and 8, respectively. The updated version of my memorandum included the same references to hearing procedures as did the previous version.

The Committee continued its review at its September and October 2017 meetings. The matter was put over at the November 2017 meeting due to time constraints and the December 2017 meeting was cancelled. The minutes from the October 25, 2017 meeting, which are attached as Exhibit 9, include the following comments from Member Christine Daniel:

"...There is also a need for separate rules to address any member hearings under Section 2603 to due process...."

The Committee's review appeared on the January and February 2018 agendas but was put over each month due to time constraints. The Committee continued its review at the March 28, 2018 meeting. The minutes of this meeting, which are attached as Exhibit 10, include the following comments from me and Member Christine Daniel:

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

The Committee continued its review and began to finalize its recommendations at the April 25, 2018 meeting. The minutes of the April 25 meeting, which are attached as Exhibit 11, include the following:

"...Member Muszar said he would like to have the development and inclusion of Hearing Procedures included in the Rules and Regulations. Member Muszar said the setting of clear hearing procedures would help mitigate conflict and confusion regarding hearings. Member Daniel expressed a due process distinction between hearings for policy matters compared to individual matters."

“...Following committee discussion, the Audit Committee agreed that hearing procedures would not be included in the revised version of the PFRS Rules and Regulations but should continue to be developed separately.”

“...Staff was instructed to provide the Audit Committee at the May 2018 meeting research on the policy governing hearing procedures from other retirement systems, including Contra Costa County, City of Fresno and City of San Diego.”

On April 30, 2018 PFRS staff provided copies of the above-described hearing policies to Committee members via an email. The text of that email is attached as Exhibit 12.

The May 30, 2018 Committee meeting was canceled following the distribution of the agenda. The published agenda package did not include “*research* on the policy governing hearing procedures from other retirement systems, including Contra Costa County, City of Fresno and City of San Diego as directed by the Committee at its April meeting.”

The Board and its committees next met on June 27, 2018. The Committee’s recommendations regarding the PFRS Rules and Regulations and a Resolution approving them appeared on the Board’s agenda (the item did not appear on the Committee’s agenda). The minutes of the June 27, 2018 Board meeting, which are attached as Exhibit 13, show that the Board approved the Resolution.

The July meetings of the Board and its committees were canceled. The Committee next met on August 29, 2018. The published agenda package did not make reference to, nor did it include “research on the policy governing hearing procedures from other retirement systems, including Contra Costa County, City of Fresno and City of San Diego.” The Audit Committee Agenda Pending List did not include the pending development of hearing procedures. The Agenda and the Pending List are attached as Exhibits 14 and 15, respectively. The minutes of the August 29, 2018 meeting, which are attached as Exhibit 16, indicate that I raised the issue during Future Scheduling as follows:

“Member Muszar made a motion directing staff to add an additional agenda item to a future audit agenda item addressing the development of hearing procedures, second by member Daniel. Motion passed.”

Over what was essentially this same span of time, on a completely separate track, the Committee had been attempting to address the handling of confidential medical information and was attempting to determine whether the use of closed sessions was appropriate for this purpose. The minutes of the August 29, 2018 meeting indicate that I raised this issue during Future Scheduling as follows:

“Member Muszar wanted to add an agenda item to the audit committee agenda to have a dialogue regarding sensitive personal information at public meetings. Following some Committee discussion, Member Daniel suggested to PFRS legal counsel provide information on this matter when presenting information about hearing procedures at the upcoming meeting.”

Thereafter, the September, October, November and December 2018 as well as the January 2019 Audit Committee Agenda Pending Lists included references to this twofold direction which had been given to the City Attorney. The September 2018 Pending List, which is attached as Exhibit 17, referenced this item as follows:

Subject	Proposed Scheduled Meetings	Status
Discussion about Hearing Procedures and procedures to address sensitive personal information at public meetings.	10/31/18	Report to be developed by PFRS Legal Counsel

The October 2018 Pending List made further distinction that this item (and direction to the City Attorney) had two distinct components. The October 2018 Pending List, which is attached as Exhibit 18, referenced this item as follows:

Subject	Proposed Scheduled Meetings	Status
Procedures Addressing (1) Board Hearings and (2) Sensitive Personal Information at public meetings.	November 2018	Continuing to Prepare Report

The November and December 2018 as well as the January 2019 Pending Lists (Exhibit 19) continued to list this item. Although the proposed scheduling and the status sections varied slightly, the Subject section in each of the lists was identical to that of the October 2018 list.

The Committee's February 2019 agenda package included a staff report from the Plan Administrator which addressed only the 2<sup>nd</sup> portion of the direction that the Committee had previously provided to the City Attorney and any reference to this project was removed from the Committee's Pending List. The February 19, 2019 staff report and the February Agenda Pending List are attached as Exhibits 20 and 21 respectively. This item was put over to the Committee's March 2019 meeting.

At the Committee's March and April 2019 meetings I expressed concern that the above referenced staff report represented only half of the project and that item (1) of the project was to include draft hearing procedures for hearings scheduled pursuant to Section 2603 of the Charter as well as procedures addressing public hearings that are held for another purpose. At the Committee's April meeting, I was assigned to research this issue and report back to the Committee at its May 2019 meeting.

Based on all of the foregoing I believe that it is clear the Committee's direction to the City Attorney was twofold. First the City Attorney was to prepare a report addressing the development of procedures for the conduct of hearings held pursuant to Sections 2603/2604 of the Charter and procedures for public hearings conducted for purposes other than Sections 2603/2604. Second, the City Attorney was to prepare a report regarding the handling confidential medical information<sup>1</sup>.

<sup>1</sup> Although not directly addressed in this memorandum the context of previous Committee discussions as well as the February 19, 2019 staff report demonstrate that the Committee was concerned about the use of Closed Sessions for the purposes of considering Widows' continuances and, potentially, applications to modify pension status from "Service" to "Disability" retirement. The need to protect confidential medical records to the maximum extent possible was a driving factor in these discussions.

**D R A F T****PFRS Audit/Operations Committee Meeting Minutes**

April 26, 2017

Page 1 of 3

**A SPECIAL AUDIT/OPERATIONS COMMITTEE MEETING** of the Oakland Police and Fire Retirement System ("PFRS") was on held Wednesday, April 26, 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 9:34 AM

1. **Approval of February 22, 2017 Audit Committee meeting minutes** – Member Muszar thanked staff for reviewing and editing the February 22, 2017 Audit Committee meeting minutes. Member Muszar made a motion to approve the February 22, 2017 Audit Committee meeting minutes, second by Member Daniel. Motion passed.

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

2. **Approval of March 29, 2017 Audit Committee meeting minutes** –Member Daniel made a motion to approve the March 29, 2017 Audit Committee meeting minutes, second by Member Muszar. Motion passed.

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

3. **PFRS Monthly Administrative Expenses Report** – Investment Officer Teir Jenkins presented the details of the PFRS administrative expenses report from July 1, 2016 through February 28, 2017. Member Daniel asked staff questions regarding budgeted projections of administrative expenses by the end of the fiscal year. Following committee discussion, Member Daniel made a motion to accept the Administrative Expenses Report from July 1, 2016 through February 28, 2017, second by member Muszar. Motion passed.

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

4. **Review of PFRS Rules and Regulations** – Member Muszar discussed his recommendation to schedule a review and recommendation to modify the PFRS rules and regulations by the October 2017 Board meeting. He suggested staff first take the lead with inquiring with the PFRS board members any Rules & Regulations update-related concerns to be brought back to the PFRS Audit Committee for further review at upcoming audit committee meeting.

Plan Administrator Katano Kasaine and the Audit Committee discussed this matter to clearly form the committee's instruction to staff on regarding this matter. Member Muszar noted that the recent confusion in procedure he experienced was the lack of organization regarding Member Hearings which he felt were illustrated the need for such a review/update. He also felt the election procedures are antiquated and can should be updated. Member Muszar added that a 'periodic review' mechanism should be built into the Rules and Regulations.

Member Muszar made a motion that the Audit Committee inform the PFRS Board of their plan to review and possible update the PFRS Rules and Regulations, and the need for PFRS Board members to submit their review questions related to this update to staff by May 15, 2017 for inclusion of the audit committee discussion at the next PFRS audit committee, second by member Daniel. Motion passed.

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

**D R A F T**

5. **Review of PFR Protocols regarding closed session process for disability hearings** – Member Muszar stated his concerns regarding the closed session process used last month on the Carlisle hearings regarding service/non-service cause of death. Legal counsel will provide the board members with a California Attorney General Opinion which addresses the issue.

Member Daniel made a motion to continue this item to the May 2017 meeting, second by member Muszar. Motion passed.

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

6. **Review possible administrative/management audit of PFRS Administration** – Member Muszar requested the audit committee recommend the Board approve a management audit of the PFRS system. Member Daniel moved that staff provide for committee review the following items: (1) The prior management audit Final Report ; (2) Board response to the audit items; (3) the RFP for the management report consultant, and (4) the cost for the service, second by member Muszar. Motion passed.

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

7. **Resolution No. 6965 - Travel Authorization for Board Member R. Steven Wilkinson** – Member Daniel made a motion to 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), second by member Muszar. Motion passed.

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

8. **Resolution No. 6968 - Travel authorization for Staff Member Pelayo Llamas** – Member Daniel made a motion to 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), second by member Muszar. Motion passed..

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

9. **Resolution No. 6969 – Travel authorization for PFRS Board Member R. Steven Wilkinson** – Member Muszar said he had some questions for Member Wilkinson regarding his requested attendance to this conference. Member Muszar made a motion to recommend carrying action on Resolution No. 6969 for Board consideration to the Board meeting, second by Member Daniel. Motion passed.

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

10. **Resolution No. 6970 – Travel authorization for PFRS Staff Member Katano Kasaine** – Member Daniel made a motion to recommend Board approval of Resolution No. 6970 – the travel authorization for PFRS Staff Member Katano Kasaine to travel and attend the 2017 IIR Public Funds Roundtable Conference ("2017 IIR 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), second by member Muszar. Motion passed.

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

# DRAFT

11. **Open Forum** – No Report.

12. **Future Scheduling** – The next audit committee meeting was scheduled for May 31, 2017.

The meeting adjourned at 10:04 AM

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JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN

DATE

DRAFT



# AGENDA REPORT

**TO:** Oakland Police and Fire  
Retirement Board

**FROM:** Katano Kasaine

**SUBJECT:** Discussion of PFRS Rules and Regulations    **DATE:** May 24, 2017

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## BACKGROUND

At its April 26, 2017 meeting, the PFRS Board directed Staff to request each PFRS Board member to list and send back to Staff each section of the PFRS Rules and Regulations for which they have some questions, comments, and/or concerns which they would like to discuss. Staff was directed by the Board to bring these board questions, comments, and/or concerns to the May 31, 2017 Audit Committee for discussion and evaluation.

To date, staff received comments from only one PFRS Board member (attached).

Respectfully submitted,

Katano Kasaine, Plan Administrator  
Oakland Police and Fire Retirement System

### Attachment:

- PFRS Rules and Regulations -- effective 24SEP2014.
- PFRS Board Member submission(s) of sections of the Rules and Regs for discussion.

Agenda Item B2  
PFRS Board Meeting  
May 31, 2017

# ATTACHMENT A

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

## **Article 1: IDENTIFICATION**

### Section 1.1: Name

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

### Section 1.2: Office Location

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

### Section 1.3: Authority, Statutory Requirements

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

## **Article 2: MISSION STATEMENT**

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

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

## **Article 3: BOARD OF TRUSTEES**

### Section 3.1: Board Membership

The Board of the Police and Fire Retirement System consists of seven members, appointed or elected as set forth in Oakland City Charter section 2601: the Mayor (or a designated representative), a life insurance executive of a local office, a senior officer of a local bank, a community representative, an elected retired member of the Police Department, an elected retired member of the Fire Department, and an elected member position that alternates between the Police Department and Fire Department memberships. A retired police or fire member may be elected by the active and retired

## OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

membership to serve if no active member is elected to serve on the Board from their respective department.

### Section 3.2: Procedure to Fill Vacancy of Elected Members

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

### Section 3.3: Procedure to Fill Vacancy of Appointed Members

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

### Section 3.4: Holdover

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

### Section 3.5: Compensation

All Board members shall serve without compensation.

## Article 4: **BOARD MEMBER RESPONSIBILITIES AND CORE COMPETENCIES**

### Section 4.1: Attendance

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

### Section 4.2: Preparation

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

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

## Section 4.3: Integrity

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

## Section 4.4: Conflict of Interest

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

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

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

## Section 4.5: Knowledge

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

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

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

## RULES AND REGULATIONS

### Section 4.6: Education

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

### Section 4.7: Collegiality

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

## Article 5: **MEETINGS**

### Section 5.1: Open Meetings / Quorum

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

### Section 5.2: Time and Place of Regular Meetings

#### Section 5.2a: Full Board

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

#### Section 5.2b: Standing Committee

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

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

### Section 5.3: Special Meetings

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

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

## **Article 6: FISCAL YEAR**

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

## **Article 7: OFFICERS**

### **Section 7.1: Elective Officers**

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

### **Section 7.2: Terms of President and Vice-President**

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

### **Section 7.3: Duties of President and Vice-President**

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

The President shall also:

- Appoint the members of the Board's standing committees annually prior to the October meeting;
- Add or delete items from the Full Board Meeting Agenda and Committee Agendas;
- Schedule a Special Meeting of the Board,
- Create ad hoc committees for a limited duration and purpose, which shall be comprised of at least one but less than a quorum of board members, and may include a non-board member(s),
- Sign authorized contracts, agreements and financial documents on the Board's behalf; and
- Perform other duties as directed by the Board.

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

The Vice President shall also:

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

## Section 7.4: Duties of the Secretary of the Board

The Secretary shall have the power to:

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

## Section 7.5: Duties of the Plan Administrator

The Plan Administrator is authorized to:

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

The Plan Administrator shall also:

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

## Article 8: **STANDING COMMITTEES**

### Section 8.1: Investment Committee

The Investment Committee shall be a Standing Committee of the Board, consisting of three members, whose chairperson shall be the banker representative on the Board. If the banker representative position is vacant, the Board President shall appoint a chairperson. Annually, before the October meeting, the President of the Board shall appoint the additional members of the committee, who shall serve until their successors have been appointed.

## OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

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

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

### Section 8.2: Audit/Operations Committee

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

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

- Review the Plan's administrative procedures for the purpose of ensuring prompt delivery of benefits and related services to participants and their beneficiaries and recommend necessary changes to the full Board.
- Review and recommend solutions to specific issues raised by the Board that relate to administration of the PFRS Plan.
- Review the actuarial valuation report and the annual financial audit report of the Plan and recommend approval by the Board, unless the Board President determines that a report should be reviewed in the first instance by the full Board.
- Review the annual budget and recommend approval by the Board.
- Monitor the Plan's administrative budget and assist the Board in defraying reasonable expenses.
- Develop and recommend changes to Board rules, regulations and policies in non-investment areas.

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

- Other duties and/ or issues as directed by the Board.
- Approve Board Member Travel.
- Periodically review PFRS Travel Policy.

## **Article 9: MEETING PROCEDURES AND BOARD ACTION**

### **Section 9.1: Board and Committee Time Management**

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

### **Section 9.2: Speakers' Cards**

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

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

### **Section 9.3: Public Speaker Procedures**

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

### **Section 9.4: Time Limits for Public Speakers**

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

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

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

Subject to Section 9.4 and the discretion of the presiding officer, which discretion must be exercised in accordance with Section 9.4, a speaker who submits his or her name to speak on four or more items (other than open forum) will be instructed to address all items concurrently and shall be allotted 2 minutes per item up to a maximum of 10

## OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

minutes; if the presiding officer exercises his/her discretion under Section 9.4 to reduce each speaker's time to one (1) minute, speakers who submit four or more speaker's cards shall be allotted one (1) minute per item up to a maximum of 5 minutes.

### Section 9.6: Ceding Time

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

### Section 9.7: Open Forum

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

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

### Section 9.8: Procedure for Placing New Items on an Agenda

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

### Section 9.9: Procedure to Add, Remove Agenda Items

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

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM

## RULES AND REGULATIONS

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

### Section 9.10: Minutes

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

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

### Section 9.11: Other Requests

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

### Section 9.12: Requests by the Board

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

### Section 9.13: Requests by Individual Board Members

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

### Section 9.14: Resolutions

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

## OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

- Retirement of active members of the Police and Fire Retirement System;
- Setting of Retirement and Disability Allowances;
- Reinstatement of members from the Disability Allowance Roll to active status;
- Approval of Death Benefits;
- Approval of continuation of allowances to eligible surviving spouse.
- Authorization of Contracts

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

### Section 9.15: Ayes and Noes

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

### Section 9.16: Subject and Title

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

### **Article 10: RULES OF ORDER**

Roberts' Rules of Order shall be the final authority on all questions of procedure and parliamentary law, not otherwise provided for by the City Charter, (Article XXVI) or these rules.

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

#### Section 11.1: Day for Counting of Ballots

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

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

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

## Section 11.2: Notice of Nomination

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

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

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

## Section 11.3: Nomination for Membership

Nomination for membership on the Police and Fire Retirement Board from the active membership of the Police and Fire Department shall be in writing on forms supplied by the office of said Police and Fire Retirement Board upon request therefore. Nomination papers shall be substantially in the form shown in Appendix A.

Nomination papers shall be signed by at least ten retired members of the Police or Fire Department, as the case may be, who are members of the POLICE AND FIRE RETIREMENT SYSTEM, other than the person nominated. Each signator of a nominating paper shall write the date of his/her signature at the end of the line opposite his/her signature. Beneficiaries of deceased members are not eligible to vote in elections.

## Section 11.4: Date of Filing Nomination Papers

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

## Section 11.5: Determination of Sufficiency of Nominating Papers

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

## OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

### Section 11.6: Winner by Default

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

### Section 11.7: Mailing of Ballots

11Not less than fifteen days before the day for the counting of the ballots that shall be prepared by and mailed for the office of the Police and Fire Retirement Board to each active or retired member of the Police Department of Fire Department who is a member of the Police and Fire Retirement System a ballot addressed to his or her address as shown by the records of the Police and Fire Retirement Board. The Ballots shall contain the names in alphabetical order of the candidates certified by the City Clerk as nominated. Such ballot, sealed in a blank envelope provided for this purpose, which shall be enclosed in another envelope, also provided for such purpose, upon which the voter shall place his or her name, may be returned to the City Clerk not later than 10:00 a.m. of the day for the counting of ballots.

### Section 11.8: Roster of Eligible Voters

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

### Section 11.9: Counting of Ballots

11On the day for the counting of ballots at the hour of 10:00 A.M. thereof, the ballot box shall be opened and no ballot received after said hour shall be counted. The ballots will be counted under the supervision and control of the City Clerk in such manner that the identity of the individual casting any ballot will not be disclosed. No ballot shall be counted unless it is enclosed in an envelope bearing the name of the voter. No ballot shall be counted which contains a vote for a person not nominated in accordance with Article 12. Upon the conclusion of the counting of the ballots, the City Clerk will certify the count and the candidate elected, and notify each candidate thereof by mail.

### Section 11.10: Vote Necessary for Election

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

### Section 11.11: Disposition of Ballots after Counting

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

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

## Section 11.12: Procedure to Fill Vacancy of Elected Members

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

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

### Section 12.1: Day for Counting Recall Ballots

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

### Section 12.2: Notice of Recall Petition

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

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

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

### Section 12.3: Date of Filing Recall Petition Paper

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

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

## OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

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

### Section 12.4: Determination of Recall Petition

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

### Section 12.5: Mailing of Ballots

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

### Section 12.6: Roster of Eligible Voters

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

### Section 12.7: Counting of Ballots

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

### Section 12.8: Vote Necessary for Recall

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

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

**Section 12.9: Disposition of Ballots after Counting**

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

**Article 13: PROCEDURE TO FILL VACANCY OF RECALLED MEMBER**

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

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

**Article 14: AMENDMENT OF RULES AND REGULATIONS**

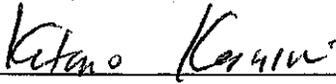
These Rules and Regulations may be amended under the following procedures:

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

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The Rules and Regulations of the Oakland Police and Fire Retirement System have been approved by vote of the Board of Administration, effective SEPTEMBER 24, 2014.

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

  
\_\_\_\_\_  
KATANO KASAINÉ  
SECRETARY  
OAKLAND POLICE & FIRE RETIREMENT SYSTEM BOARD

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
RULES AND REGULATIONS

APPENDIX A

Nomination Form – Elected PFRS Member

**OAKLAND POLICE AND FIRE RETIREMENT BOARD**

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

	<b>Name</b>	<b>Signature</b>	<b>Date</b>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____

I accept the nomination and consent to serve if elected.

\_\_\_\_\_  
**Signature of Nominee**

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
RULES AND REGULATIONS

APPENDIX B

Board Member Recall Form – Elected PFRS Member

**OAKLAND POLICE AND FIRE RETIREMENT BOARD**

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

\_\_\_\_\_  
\_\_\_\_\_

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

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
RULES AND REGULATIONS

DIRECTORY OF AMENDMENTS

Amendment ID	Date	Notes
	09/24/2014	Creation of New Rules and Regulations approved by PFRS Board.
	07/29/2015	Passage of PFRS Board Resolution No. 6856 affirming, "that the September 24, 2014 Rules and Regulations are the only Rules the PFRS board uses to govern, until amended."

OAKLAND POLICE AND FIRE RETIREMENT BOARD  
CITY OF OAKLAND, CALIFORNIA

RESOLUTION No. 6856

ON MOTION OF MEMBER Wilkinson SECONDED BY MEMBER Speakman

**RESOLUTION AFFIRMING THE BOARD'S MOTION OF SEPTEMBER 24,  
2014 WHEREIN IT APPROVED AND ADOPTED THE OAKLAND POLICE  
AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS**

**WHEREAS**, in the period of July 2011 through September 2014, the PFRS Board conducted public meetings to consider revising and amending its Rules and Regulations as authorized by Charter section 2601(e), with the goal of creating an all-encompassing set of rules, regulations, and procedures; and

**WHEREAS**, the PFRS Board invited any interested persons to provide oral and written input, comments, and suggestions to the board about certain terms of the Rules and Regulations; and

**WHEREAS**, the Retired Police Officers Association (ROPOA) provided extensive oral and written input, comments, and suggestions to the board about certain terms of the Rules and Regulations; and

**WHEREAS**, PFRS staff provided written responses, comments, and revisions in light of the written and verbal commentary and suggestions received during the course of the multiple public meetings about the revision of the Rules and Regulations; and

**WHEREAS**, on September 24, 2014, the PFRS Board passed a motion (motion by Member Speakman, Second by Member Cooper) by a vote of 7 Aye:0 Nay: 0 Abstain, to approve and adopt said rules and regulations; and

**WHEREAS**, Charter section 2601(b) states that the Board exercises its powers under Article XXVI by order or resolution; and

**WHEREAS**, passage of this resolution will eliminate any ambiguity that the Rules and Regulations adopted by unanimous motion of the Board on September 24, 2014 are in full force, now therefore be it

**RESOLVED**: That the comprehensive Rules and Regulations approved and adopted by unanimous motion of the PFRS Board on September 24, 2014 is hereby affirmed and made part of this Resolution; and be it

**FURTHER RESOLVED**: that the September 24, 2014 Rules and Regulations are the only Rules this Board uses to govern, until amended.

IN BOARD MEETING, CITY HALL, OAKLAND, CA JULY 29, 2015

PASSED BY THE FOLLOWING VOTE:

AYES: JOHNSON, GODFREY, SPEAKMAN, ~~COOPER~~, ~~OZNOWICZ~~, WILKINSON, SOLITEI

NOES:

ABSENT: Cooper, Oznowicz

ATTEST: [Signature]  
PRESIDENT

ATTEST: [Signature]  
SECRETARY

ATTACHMENT A

# ATTACHMENT B

**Date:** May 15, 2017

**To:** Katano Kasaine  
Teir Jenkins  
Pelayo Llamas

**From:** Robert J. Muszar

**Subject:** Submissions Regarding Audit/Operations Committee Review of PFRS Rules and Regulations

At its April 26, 2017 meeting, the Audit/Operations Committee ("Committee"), pursuant to the responsibilities assigned to the Committee by Section 8.2 of Oakland Police and Fire Retirement System Rules and Regulations ("PFRS Rules" or "Rules"), decided to conduct a review of the Rules with the goal of submitting any recommendations which may result from this review to the PFRS Board for consideration at its October 2017 meeting.

At the Board meeting on the same date, Board members and staff were invited to "flag" Rules sections for review and asked to submit them along with any other comments or suggestions to PFRS staff by May 19, 2017. Staff was directed to compile the information received and present it to the Committee at its May 2017 meeting.

Please include the following Articles and/or Sections of the PFRS Rules on the list of those to be reviewed:

<ul style="list-style-type: none"> <li>• Article 2. <ul style="list-style-type: none"> <li>➤ All.</li> </ul> </li> <li>• Article 3. <ul style="list-style-type: none"> <li>➤ Sections 3.1 and 3.4.</li> </ul> </li> <li>• Article 4. <ul style="list-style-type: none"> <li>➤ Section 4.6.</li> </ul> </li> <li>• Article 7. <ul style="list-style-type: none"> <li>➤ Sections 7.1, 7.3, 7.4 and 7.5.</li> </ul> </li> <li>• Article 8. <ul style="list-style-type: none"> <li>➤ Section 8.2.</li> </ul> </li> </ul>	<ul style="list-style-type: none"> <li>• Article 9. <ul style="list-style-type: none"> <li>➤ Sections 9.4, 9.8, 9.9, 9.10, 9.13, &amp; 9.14.</li> </ul> </li> <li>• Article 10. <ul style="list-style-type: none"> <li>➤ All.</li> </ul> </li> <li>• Article 11. <ul style="list-style-type: none"> <li>➤ All.</li> </ul> </li> <li>• Article 12. <ul style="list-style-type: none"> <li>➤ All</li> </ul> </li> </ul>
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Also, please include the following topics for possible addition to the Rules:

- Article/Sections setting forth hearing procedures for Board hearings conducted pursuant to Sections 2603 and/or 2604 of the City Charter.
- Article/Sections setting forth hearing procedures for public hearings conducted for purposes other than Sections 2603/2604 of the Charter.
- Article/Sections requiring periodic review of the PFRS Rules and setting forth the schedule/timing of such reviews.

I will comment regarding all of the above during discussion at the May 2017 meeting of the Audit/Operations Committee.

**DRAFT****PFRS Audit/Operations Committee Meeting Minutes****May 31, 2017****Page 1 of 2**

**A SPECIAL AUDIT/OPERATIONS COMMITTEE MEETING** of the Oakland Police and Fire Retirement System ("PFRS") was on held Wednesday, May 31, 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, Staff Member
- Pelayo Llamas, PFRS Legal Counsel

The meeting was called to order at 9:38 AM

1. **Approval of April 26, 2017 Audit Committee meeting minutes** – Member Muszar made a motion to approve the April 26, 2017 Audit Committee meeting minutes, second by Member Daniel. Motion passed.

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

2. **PFRS Monthly Administrative Expenses Report** – Plan Administrator Katano Kasaine presented the details of the PFRS administrative expenses report from July 1, 2016 through March 31, 2017. Following committee discussion, Member Daniel made a motion to accept the Administrative Expenses Report from July 1, 2016 through February 28, 2017, second by member Muszar. A discrepancy in the physical count of retirees on one chart was addressed and Ms. Kasaine said a correction would be made. Motion passed.

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

3. **Review of PFRS Rules and Regulations** – Ms. Kasaine reported that staff followed the Board's instructions from the April 2017 Board meeting to deliver the current PFRS Rules and Regulations to each Board member and also asked each Board member to send to staff any questions about the rules and regulations to be brought back to the Audit committee for discussion today. She reported that that staff only received a response from one Board member.

Member Muszar passed out a four-page document stating his discussion points. He read aloud through the points and provided details verbally. The committee and staff discussed these points and made plans to resume discussion at future audit committee meetings.

Member Muszar said he would draft revised language for Rules and Regulations item 9.8 regarding procedures for placing new items onto agendas. Staff was instructed to bring a working draft of revisions to the Rules and Regulations which removes all references to "active" PFRS members, because they are all in retired status, for the July 2017 audit meeting.

4. **Procedures for member hearings involving private medical information** – Member Muszar thanked PFRS legal counsel Pelayo Llamas for his delivery of the California Attorney General's legal opinion regarding the procedures for member hearings involving private medical information at Closed Session meetings in the context of member hearings. The committee and staff discussed this matter and Member Daniel made a motion recommending PFRS Legal Counsel prepare a legal opinion about the PFRS Board's ability to discuss confidential medical information in Closed Session in the context of member hearings, second by member Muszar. Motion passed.

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

5. **Discussion of 2006 management audit of PFR administration** – This matter was continued until the July 2017 Audit Committee meeting.

**DRAFT**

# DRAFT

6. **Open Forum** – No Report.

7. **Future Scheduling** – The next audit committee meeting was scheduled for June 28, 2017.

The meeting adjourned at 10:42 am.

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JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN

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DATE

# DRAFT

**Date:** May 31, 2017

**To:** Audit and Operations Committee  
PFRS Staff  
Pelayo Llamas, Deputy City Attorney

**From:** Robert J. Muszar

**Subject:** Comments In Support of Submissions Regarding Audit/Operations Committee Review of PFRS Rules and Regulations

The following comments are offered in support of my May 15, 2017 memorandum regarding the Audit/Operations Committee review of the PFRS Rules and Regulations:

- Article 2.

- ✓ There is no mention of retirees/widows in the Mission Statement.
- ✓ Mission statement in PFRS Rules does not match Mission Statement on PFRS website.

*From Website: "The Oakland Police and Fire Retirement System is dedicated to protection and prudent investing of the pension funds for the benefit of the PFRS retirees and beneficiaries. PFRS strives to give the beneficiaries of this retirement system friendly and courteous service."*

- ✓ Item 2 should mention administration of the system  
(Charter Section 2601: The System and fund shall be managed and administered by a Board hereby created...)
- ✓ Item 3 should also reference the state constitution.
- ✓ Item 4 should be a more complete statement of the Constitution.

*(Section 17: Notwithstanding any other provisions of law or this Constitution to the contrary, the retirement board of a public pension or retirement system shall have plenary authority and fiduciary responsibility for investment of moneys and administration of the system...)*

- Article 3; Sections 3.1 and 3.4.

- ✓ The final sentence of Section 3.1 is obsolete and should be eliminated.
- ✓ The Charter sets specific terms for Board members and specifies the timeline for appointments/elections. The Charter does not provide for holdovers. What is the authority for Section 3.4?

- Article 4; Section 4.6.
  - ✓ We should comply with final sentence in a way that is transparent and includes up-to-date reporting.
  
- Article 7; Sections 7.1, 7.3, 7.4 and 7.5.
  - ✓ 7.1 does not recognize the correct status of the Secretary of the Board as addressed in the Charter. Section 2601 is clear that the Secretary of the Board is an employee of the Board and historically has served as the Plan Administrator. It is an at-will employment position, not an annually appointed "officer".
  - ✓ 7.3, second bullet point is problematic and grants too much authority to the President.
  - ✓ 7.4 does not adequately describe the duties of Secretary of the Board. 7.4 and 7.5 should be combined under the title of Secretary of the Board.
  
- Article 8; Section 8.2.
  - ✓ The sixth bullet point is the most likely place to include a provision requiring the periodic review of the Rules with a set schedule such as every 3 years, or so.
  - ✓ The eighth bullet point gives the Committee the authority to "approve" Board member travel but that is not the way we seem to operate. Perhaps the rule should be changed to "recommend approval". Also, the bullet point makes no mention of staff travel.
  - ✓ The last bullet point should establish a set schedule for the periodic review of Travel Policy.
  
- Article 9; Sections 9.4, 9.8, 9.9, 9.10, 9.12, 9.13, and 9.14.
  - ✓ In General, Article 9 is overkill and is overly complex for PFRS needs. Since the vast majority of "public speakers" are members of the system or representatives of members of the system, this Article is viewed to limit their participation in their own retirement system. We should seek to make recommendations that consolidate and simplify Article 9.
  - ✓ Section 9.7 has been interpreted to prevent Board members from asking questions of individuals who speak during Open Forum. Although the Board is barred from taking action, members should not be prohibited from asking questions and/or commenting.

- ✓ 9.8 is really about scheduling and should have its own Article. Any Board Member should be able to have an item placed on the agenda without the need for a vote of the majority of the Board. This requirement is inconsistent with the responsibilities of individual Board members and can be used to keep unpopular (but valid) topics off the agenda. It also drags the Board's processes out and makes it more difficult to deal with issues in a timely manner. The Section has led to disagreement and frustration on the part of Board Members.
- ✓ How are 9.8 and 9.9 supposed to work in harmony with each other? Shouldn't the committee chair control the committee's agenda?
- ✓ 9.10 is about minutes and maybe should have its own Article or be included in the duties of the Secretary of the Board.

The 15 day due date does not match the requirements of the Sunshine Ordinance which are: "The draft minutes of each meeting shall be available for inspection and copying upon request no later than ten business days after the meeting. The officially adopted minutes shall be available for inspection and copying upon request no later than five business days after the meeting at which the minutes are adopted."

Compliance with the 15 day rule has been spotty at best.

Should we consider adding a provision for the preparation and distribution of action minutes?

- ✓ Section 9.12 will be impacted by what we do with 9.8.
  - ✓ Section 9.13 could be impacted by what we do with 9.8.
  - ✓ 9.14 may benefit from some updating to eliminate references to active members and the setting of retirement and disability allowances.
- Article 10.
    - ✓ Should a parliamentarian be designated?
  - Article 11.
    - ✓ The entire article should be reviewed and updated to eliminate references to active members and with an eye toward simplifying the nomination and election processes. The Charter specifically provides that the Board "...may from time to time revise the manner of conducting such elections."
    - ✓ Could/should we have a provision allowing either a police or fire representative to fill a position designated for the other if no one from the appropriate department is available to serve?

- Article 12.
  - ✓ Could be better sequenced.
  - ✓ The requirement for 10 signatures is the same as for nomination. If we continue down the path of requiring signatures, should there be a higher threshold for recall?
  - ✓ Can recall and election of replacement be combined into one ballot with 2 questions? It would eliminate the need for two elections and would reduce the amount of time a Board position would be vacant.

I suggest we consider adding the following topics to the PFRS Rules:

- Hearing procedures for hearings conducted pursuant to Sections 2603 and/or 2604 of the City Charter.
- Hearing procedures for public hearings conducted for purposes other than Sections 2603/2604 of the Charter.
- Periodic, scheduled review of the PFRS Rules.

cc: PFRS Board

**D R A F T****PFRS Audit/Operations Committee Meeting Minutes**

June 28, 2017

Page 1 of 2

A **SPECIAL AUDIT/OPERATIONS COMMITTEE MEETING** of the Oakland Police and Fire Retirement System ("PFRS") was on held Wednesday, June 28, 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, Staff Member
- Pelayo Llamas, PFRS Legal Counsel

The meeting was called to order at 9:18 AM

1. **Approval of April 26, 2017 Audit Committee meeting minutes** – Member Muszar made a motion to approve the April 26, 2017 Audit Committee meeting minutes, second by Member Daniel. Motion passed.

[SPEAKMAN – Y / DANIEL – Y / MUSZAR – Y ]  
( AYES: 3 / 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 April 30, 2017. Following committee discussion, Member Daniel made a motion to accept the Administrative Expenses Report from July 1, 2016 through April 30, 2017, second by member Muszar. Motion passed.

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

3. **Review of PFRS Rules and Regulations** – Plan Administrator Katano Kasaine explained that Member Muszar's extensive draft revisions of the Rules and Regulations that he sent to staff (dated June 14, 2017) were not published in today's packet because the Committee's direction given at the May 2017 meeting was to focus on a revision of section 9.8 (procedure for placing new items on an agenda). Staff included in today's packet Member Muszar's proposed revision of section 9.8 only. Member Muszar explained that his draft sections 9.9, 9.10, and 9.11 all relate to the subject of placing new items on an agenda. He also explained that the text appearing in **bold type** in his 6/14/17 document indicates it is new language proposed by him. Member Muszar then passed out copies of his 6/14/17 proposal.

Member Muszar asked that his comprehensive suggestions and recommendations dated May 15, 2017 (suggestions), May 31, 2017 (Committee meeting comments handout) and June 14, 2017 (Comprehensive Recommendations) along with any other Board suggestions and recommendations be added to the next Committee meeting package for discussion. Ms. Kasaine stated that all changes proposed by Mr. Muszar should be consolidated into one document in order to avoid confusion, and staff will provide a single comprehensive document per the committee's direction. Member Muszar said he would review all of his revisions and resubmit his June 14, 2017 recommendations. The Committee and staff further discussed this matter as well as placing of Member Muszar's work on next month's agenda.

Ms. Kasaine said staff would provide the current redlined draft copy of the Rules and Regulations and Member Muszar's additional document will be added as an attachment to the Rules and Regulations for discussion at the upcoming meeting. Following committee and staff discussion, Member Daniel made a motion to continue discussion on rules and regulations until the July 26, 2017 meeting, second by member Muszar. Motion passed.

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

4. **Open Forum** – No Report.

**D R A F T**

5. **Future Scheduling** – The next audit committee meeting was scheduled for July 26, 2017. Member Daniel and Plan Administrator Kasaine said they would be absent from the July 26 meeting.

The meeting adjourned at 10:58 am.

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**JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN**

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**DATE**

**Date:** June 14, 2017

**To:** Audit/Operations Committee

**From:** Robert J. Muszar

**Subject:** Audit/Operations Committee Review of PFRS Rules and Regulations - Draft Recommendations

The Audit and Operations Committee began its review of the System's Rules and Regulations on May 31, 2017 with the goal of submitting its recommendations to the full Board at the Board's October 2017 meeting.

At the May 31, 2017 Committee meeting I volunteered to draft proposed modifications to Article 9 of the Rules as they apply to placing items onto Board and committee agendas.

I have taken the liberty to expand my effort to include proposed language regarding most of the Rules sections flagged for review.

By way of the attached draft, I am also requesting further discussion regarding some sections subject to review.

I would like to thank the Committee for providing this opportunity. I look forward to our discussions.

Attachment

cc: Katano Kasaine  
Pelayo Llamas



1     **Article 3: BOARD OF TRUSTEES**

2  
3     Section 3.1: Board Membership

4  
5     The Board of the Police and Fire Retirement System consists of seven members,  
6     appointed or elected as set forth in Oakland City Charter section 2601: the Mayor (or  
7     a designated representative), a life insurance executive of a local office, a senior  
8     officer of a local bank, a community representative, an elected retired member of the  
9     Police Department, an elected retired member of the Fire Department, and an  
10    elected member position that alternates between the Police Department and Fire  
11    Department memberships. ~~A retired police or fire member may be elected by the~~  
12    ~~active and retired membership to serve if no active member is elected to serve on~~  
13    ~~the Board from their respective department.~~

14  
15    Section 3.4: Holdover

16  
17    *(Referred to Deputy City Attorney for research).*

18  
19    **Article 4: BOARD MEMBER RESPONSIBILITIES AND CORE COMPETENCES**

20  
21    Section 4.6: Education

22    Board members are expected to pursue educational opportunities that will assist  
23    them in the fulfillment of their fiduciary duties to the retirement plan and its  
24    beneficiaries. Each Board member will be allocated an educational allowance on an  
25    annual basis. **The amount of individual training allotments will be detailed in**  
26    **the PFRS budget and each Board member's expenditures will be reported to**  
27    **the Audit/Operations Committee monthly.**

1     **Article 7:         OFFICERS**

2  
3     Section 7.1:     Elective Officers

4  
5     *(Request further discussion)*

6  
7     Section 7.3: Duties of President and Vice-President

8  
9     The President of the Board shall preside at all Board meetings. In his or her  
10    absence, the Vice-President shall preside. In the absence of both the President and  
11    the Vice President, when the President has not selected a President Pro Tem in  
12    advance, the Board shall select one of its own members to preside.

13    The President shall also:

- 14
- 15    • Appoint the members of the Board's standing committees annually prior to the  
16      October meeting;
  - 17
  - 18    • ~~Add or delete items from the Full~~ **Manage** Board Meeting Agendas in accordance  
19      **with Article 9 of these Rules.** and, ~~Committee Agendas;~~
  - 20
  - 21    • **Ensure that Committee Chairs manage committee agendas in accordance**  
22      **with Article 9 of these Rules.**
  - 23
  - 24    • Schedule a Special Meeting of the Board,
  - 25
  - 26    • Create ad hoc committees for a limited duration and purpose, which shall be  
27      comprised of at least one but less than a quorum of board members, and may  
28      include a non-board member(s),
  - 29

- 1 • Sign authorized contracts, agreements and financial documents on the Board's  
2 behalf; and  
3
- 4 • Perform other duties as directed by the Board.  
5

6 Section 7.4: Duties of the Secretary of the Board  
7

8 *(Request further discussion)*  
9

10 Section 7.5: Duties of the Plan Administrator  
11

12 *(Request further discussion)*  
13

14 **Article 8: STANDING COMMITTEES**  
15

16 Section 8.2: Audit/Operations Committee  
17

18 The Audit/Operations Committee shall be a Standing Committee of the Board,  
19 consisting of three members. Annually, before the October meeting, the President of  
20 the Board shall appoint the members of the committee, who shall serve until their  
21 successors have been appointed. The President shall appoint a Committee  
22 chairperson from one of the three Committee members.  
23

24 The Audit/Operations Committee shall have the responsibility for making  
25 recommendations to the Board in the following areas:  
26

- 27 • Review the Plan's administrative procedures for the purpose of ensuring prompt  
28 delivery of benefits and related services to participants and their beneficiaries and  
29 recommend necessary changes to the full Board.  
30

1 • Review and recommend solutions to specific issues raised by the Board that relate  
2 to administration of the PFRS Plan.

3  
4 • Review the actuarial valuation report and the annual financial audit report of the  
5 Plan and recommend approval by the Board, unless the Board President determines  
6 that a report should be reviewed in the first instance by the full Board.

7  
8 • Review the annual budget and recommend approval by the Board.

9  
10 • Monitor the Plan's administrative budget and assist the Board in defraying  
11 reasonable expenses.

12  
13 • Develop and recommend changes to Board rules, regulations and policies in  
14 noninvestment areas. **At a minimum, review Board rules and make**  
15 **recommendations to the Board as deemed appropriate every three years with**  
16 **the first review to be conducted in 2020.**

17  
18 • Other duties and/ or issues as directed by the Board.

19  
20 • **Recommend approval of Approve Board Member Travel and staff travel in**  
21 **accordance with the PFRS Travel Policy and individual training allotments.**

22  
23 • Periodically review PFRS Travel Policy. **At a minimum, review the Board travel**  
24 **policy and make recommendations to the Board as deemed appropriate every**  
25 **three years with the first review to be conducted in 2020.**

1       **Article 9:           MEETING PROCEDURES AND BOARD ACTION**

2  
3       Section 9.1: Board and Committee Time Management

4  
5       The Board President or Committee Chair is responsible for time management of the  
6       applicable body. To the greatest extent feasible, all items on Board and Committee  
7       agendas shall be supported by concise, easily accessible written information **which**  
8       **shall be submitted pursuant to Section 9.11, below.**

9  
10      Section 9.2: Speakers' Cards

11  
12      ~~Members of the public~~ **Except as provided in Section 9.7 below, Individuals**  
13      wishing to speak must submit their name and the item on the agenda they wish to  
14      discuss, if any, to staff ~~before being recognized by the presiding officer~~ **prior to the**  
15      **beginning of the meeting.**

16  
17      ~~Members of the public who wish to speak must complete a speaker~~ **A speaker's**  
18      **card must be completed** for each agenda item he/she wishes to speak on.  
19      ~~Speakers' cards listing multiple agenda items cannot be listed on one speaker~~  
20      ~~card will not be accepted. If the intent is to cede time to another speaker, the~~  
21      **name of the individual to whom time is being ceded shall also be listed on the**  
22      **speaker card.**

23  
24      Section 9.3: Public Speaker Procedures

25  
26      ~~Members of the public~~ **Individuals** addressing the Board shall state their name.  
27      They shall confine their remarks to the agenda item under discussion, unless they  
28      are speaking during the Open Forum portion of the agenda.

1     Section 9.4: Time Limits for Public Speakers

2  
3     **The Board President or Committee Chair may impose reasonable time limits**  
4     **on speakers. In making this determination the number of speakers' cards**  
5     **submitted, the complexity of the issues to be addressed and the number of**  
6     **items on the agenda will be considered. If time limits are to be imposed they**  
7     **will be announced at the beginning of the meeting.**

8  
9     **If time limits have not been imposed, speakers are expected to be respectful of**  
10    **the Board/Committee's time limiting presentations to concise, on-point**  
11    **comments. Generally presentations should not exceed five minutes. If a**  
12    **presentation exceeds five minutes the Board President or Committee Chair**  
13    **may direct the speaker to conclude his/her remarks and may impose a time**  
14    **limit for so doing.**

15  
16    ~~Any member of the public who has submitted a speaker card on an agenda item,~~  
17    ~~other than open forum~~ **If time limits have been imposed, each speaker normally**  
18    ~~will shall~~ **will shall be allotted three (3) minutes to speak prior to any vote or action by the**  
19    ~~Board. If more than five (5) individuals have submitted speakers' cards on the~~  
20    ~~same item, the Board President or Committee Chair may limit time to two (2)~~  
21    ~~minutes per speaker. If more than ten (10) speakers have submitted speakers~~  
22    ~~cards on the same item, time may be limited to one (1) minute per speaker.~~

23  
24    ~~Subject to the provisions of this Rule that apply to public speakers who submit~~  
25    ~~multiple speaker's cards~~ **ceding time**, all public speakers on any one item shall be  
26    ~~allotted the same amount of speaking time on that item, unless given ceded time, or~~  
27    ~~unless more time must be given to comply with due process or other legal~~  
28    ~~requirements or in circumstances where the Board is acting in a quasi-adjudicatory~~  
29    ~~capacity.~~

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

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

11  
12 ~~Section 9.6~~ **9.5: Ceding Time**

13  
14 ~~In case the allotted time for each public speaker is less than two (2) minutes on an~~  
15 ~~agendized item~~ **If time limits have been imposed**, a public speaker may extend his  
16 or her speaking time if other public speakers who have submitted speakers' cards  
17 cede their time to the recipient public speaker. The recipient public speaker will  
18 receive **one-half of the allotted (1) minute** speaking time from each ceding public  
19 speaker, up to a maximum of **five (5) minutes three times the allotted time**.

20  
21 At the presiding officer's discretion, a public speaker may be allotted more than **five**  
22 **(5) minutes three times the allotted time** based on ceded time. ~~The recipient public~~  
23 ~~speaker must submit the ceding public speakers' speaking cards, and the **Speakers**~~  
24 ~~ceding public speakers **time** must be present at the time the recipient public speaker~~  
25 ~~speaks.~~

26  
27 ~~Section 9.7~~ **9.6: Open Forum**

28  
29 **Public Speakers** submitting their names to speak under open forum shall be allotted  
30 a maximum of **three (3) minutes**. A public speaker may speak only once under open

1 forum during any one meeting, subject to the discretion of the presiding officer. If  
2 **more than five (5) individuals have submitted speakers' cards for open forum,**  
3 **the Board President or Committee Chair may** ~~The presiding officer may reduce~~  
4 **limit each public speaker's allotted time to one (1) minute two (2) minutes.** . If  
5 **more than ten (10) speakers have submitted speakers cards for open forum,**  
6 **time may be limited to one (1) minute per speaker.** if he or she publicly states all  
7 reasons justifying any reduction in speaker time, which reasons shall be based at  
8 least on consideration of the time allocated or anticipated for the meeting, the  
9 number and complexity of agenda items and the number of persons wishing to  
10 address the local body, and whether there will be sufficient time available during the  
11 meeting to consider all agenda items if all public speakers are allowed two (2)  
12 minutes to speak.

13  
14 The Board cannot take any action, **other than scheduling the item for future**  
15 **consideration,** under Open Forum unless it is deemed an emergency or urgency  
16 matter under the Sunshine Ordinance and Brown Act by a vote of the Board. **Board**  
17 **members and staff representatives may ask clarifying questions of the**  
18 **speaker but will engage in no substantive discussion of the issue.**

19  
20 **Sections 9.7: Exceptions**

21  
22 **The provisions of Section 9.4 above, shall not apply to the following:**

- 23  
24
- 25 • **Speakers who are presenting an agenda item or making a report to the**  
26 **Board or a committee.**
  - 27 • **Individuals or the representatives of individuals who are the subject of**  
28 **or directly impacted by the subject matter of a public hearing held by**  
29 **the Board or a committee.**
- 30

- **Individuals or the representatives of individuals who are the subject of a hearing of the Board held pursuant to Sections 2603 or 2604 of the City Charter.**

Section 9.8: Procedure for Placing New Items on an Agenda – Board Members

**During the Future Scheduling (or New Business) portion of Board/Committee meetings and subject to Section 9.11, below** ~~For any new business by any board member, the full Board is authorized to may add the~~ **have an item that is within the subject matter responsibility of the Board/Committee placed onto a future Board/Committee agendas of any meeting by an affirmative vote of a majority of the quorum of Board members present. Discussion during Future Scheduling will be limited to scheduling issues and seeking clarity as to proper titling of the future agenda item. There shall be no substantive discussion of the topic.**

Section 9.9: Procedure to Add, Remove Agenda Items Between Meetings – Board Members

For Board items, any Board member wishing to add a Board agenda item (or remove **an item which he/she has had added**) after the Board has met, but before the agenda is published, must obtain authorization from the President of the Board.

For Committee items, any Board member wishing to add a Committee agenda item (or remove **an item which he/she has had added**) after the Committee has met, but before the agenda is published, must obtain authorization from the ~~President of the Board~~ and the Chair of the Committee **who may consult with the Board President before responding.**

1     **Section 9.10: Procedure for Placing New Items on Agenda – Non Board**  
2     **Members**

3  
4     **Subject to Section 9.11 below, requests from other entities/individuals to have**  
5     **an item that is within the subject matter responsibility of the Board/Committee**  
6     **placed onto a Board/Committee agenda will be submitted in writing to the Plan**  
7     **Administrator. The Board President or Committee Chair, in consultation with**  
8     **the Plan Administrator will decide whether to place the item on a future**  
9     **agenda. The decision of the Board President/Committee Chair will be**  
10    **communicated in writing to the requesting entity/individual by the Plan**  
11    **Administrator.**

12  
13    **The provisions of Section 9.10 are not intended to apply to scheduled reports**  
14    **provided to the Board and/or its Committees by PFRS staff or the Board's**  
15    **professional advisers. These items may be placed on the appropriate agenda**  
16    **by the Plan Administrator as a matter of routine.**

17  
18    **Section 9.11: Submission of Agenda Materials**

19  
20    **Items which are placed onto a Board or Committee agenda pursuant to the**  
21    **processes described in Sections 9.8, 9.9 and 9.10 above, normally will be**  
22    **supported by written materials submitted to the Plan Administrator by close of**  
23    **business on the Wednesday that is two (2) weeks prior to the scheduled**  
24    **Board/Committee meeting. If such materials are received following this**  
25    **deadline, the item will not be placed onto the appropriate agenda until the**  
26    **following month.**

27  
28    **This Section is not intended to prohibit oral-only submissions, but unless**  
29    **specifically approved by the Plan Administrator with the concurrence of the**  
30    **Board President/Committee Chair written materials that do not conform to the**

1 **above-described schedule will not be accepted for inclusion in agenda**  
2 **packages.**

3  
4 Section 9.12: Minutes

5  
6 The Secretary shall cause to be recorded in the minutes, the time and place of each  
7 meeting of the Board, the names of Board members present and all official acts of  
8 the Board along with a summation of the Board discussion along with the votes, and  
9 shall cause the minutes to be written and presented for approval no later than the  
10 second succeeding regular meeting.

11  
12 Draft minutes shall be prepared and forwarded to Board members for review by the  
13 ~~15<sup>th</sup>~~ 10<sup>th</sup> business day following each meeting. The minutes or a true copy thereof,  
14 submitted and signed by the Secretary after approval by the Board shall form part of  
15 the permanent records of the Board.

16  
17 Section 9.13: Other Requests

18  
19 Other requests by the plan sponsor, **retirees/beneficiaries**, other entities or the  
20 public will be directed to the Plan Administrator, who will review and respond  
21 administratively. To the extent the request needs to be addressed to or by the Board  
22 **or a Committee**, the request will be brought to the full board/**committee** for further  
23 direction or authorization.

24  
25 Section 9.14: Other Requests by the Board

26  
27 Any research, analyses and reports from staff as are necessary for the Board's  
28 effective oversight of PFRS operations shall be initiated by placing that item on a  
29 future agenda in accordance with section 9.8. Such requests will be agendized and  
30 considered at regularly scheduled Board meetings. If approved, the Plan

1 Administrator will be responsible for coordinating the completion of the approved  
2 project or report within a reasonable time or by the completion date specified in the  
3 Board action.

4  
5 **Section 9.15: Other Requests by Individual Board Members**

6  
7 Board members making individual requests for information will be advised to place  
8 the item on the Board meeting agenda in accordance with section 9.8 unless the  
9 information is readily available and the Plan Administrator determines that a  
10 response will not require any significant commitment of staff time or other PFRS  
11 resources.

12  
13 **Section 9.16: Resolutions and Orders**

14  
15 The Board shall act either by order or by resolutions, numbered in sequence of  
16 passage. In every instance, authorization by Board resolution shall be required for  
17 the following:

- 18  
19 • ~~Retirement of active members of the Police and Fire Retirement System;~~  
20  
21 • ~~Setting of Retirement and Disability Allowances;~~  
22  
23 • **Changes to the types of compensation to be included as “Compensation”**  
24 **and/or “Compensation Attached to the Average Rank Held”**  
25  
26 • ~~Reinstatement of members from the Disability Allowance Roll to active status;~~  
27  
28 • Approval of Death Benefits;  
29  
30 • Approval of continuation of allowances to eligible surviving spouse;

- Authorization of Contracts.

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

**Section 9.17: Ayes and Noes**

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

**Section '9.18: Resolutions - Subject and Title**

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

**Article 10: RULES OF ORDER**

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

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

*(Referred to staff to remove references to active members and other possible clean-up)*

1  
2  
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21  
22

*(Request further discussion on possible provision to allow police or fire representative to fill position designated for the other if no one from appropriate department is available to serve)*

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

*(Referred to staff to remove references to active members and other possible clean-up)*

*(Request further discussion regarding combining recall and replacement elections into a single election with two questions)*

Request further discussion regarding the following:

- Hearing procedures for hearings conducted pursuant to Sections 2603 and 2604 of the Charter.
- Hearing procedures for public hearings that are not conducted pursuant to Sections 2603/2604 of the Charter.

**D R A F T**

**A SPECIAL AUDIT/OPERATIONS COMMITTEE MEETING** of the Oakland Police and Fire Retirement System ("PFRS") was on held Wednesday, August 30, 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  
• Teir Jenkins & David Low, Staff Member  
• Pelayo Llamas, PFRS Legal Counsel

The meeting was called to order at 9:34 AM

1. **Approval of June 30, 2017 Audit Committee meeting minutes** – Member Muszar made a motion to approve the June 30, 2017 Audit Committee meeting minutes, second by Member Daniel. Motion passed.

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

2. **Financial Audit Services Report** – Annie Louie from Macias Gini & O'Connell, LLP presented an overview of the financial audit her firm will be providing for PFRS covering the fiscal year ending June 30, 2017. Following committee discussion, Member Muszar made a motion to accept the Financial Audit Services Report, second by member Daniel. Motion passed.

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

3. **PFRS Monthly Administrative Expenses Report** – Investment Officer Teir Jenkins presented the details of the PFRS administrative expenses report from July 1, 2016 through June 30, 2017. Following committee and staff discussion, Member Daniel made a motion to accept the Administrative Expenses Report from July 1, 2016 through June 30, 2017, second by member Muszar. Motion passed.

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

4. **Review of PFRS Rules and Regulations** – Plan Administrator Katano Kasaine reported that staff had submitted the current working draft of the update to the PFRS Rules and Regulations to the audit committee for their continued review. Member Muszar presented his draft recommendations to the Rules and Regulations for committee discussion and read each recommended change to the Rules & Regulations through Article 10.

Member Muszar said article 2 (mission statement) should include some mention of the mission of the PFRS board for the benefit of the Member and Beneficiaries. Ms. Kasaine said that she recalled the original development of the current version of the Rules and Regulation purposely omitted mention of the Members and Beneficiaries. Also, Member Muszar noted that the mission statement on the PFRS webpage and the current Rules and Regulation do not match.

Member Muszar questioned the purpose of the holdovers provisions in the Rules and Regulations of section 3.4, which is not a subject that is mentioned in the City Charter. He said the question about holdovers was put to PFRS Legal Counsel to research and report to the committee. Mr. Llamas reported that the use of holdovers is consistent with the Charter

**D R A F T**

and California law, the underlying policy of which is to allow boards and commissions to continue to be able to act, rather than have too few members of a body to form a quorum, prohibiting action.

Regarding section 4.6 (Education), Member Muszar suggested that staff provide a report of travel and education expenditures by each board member at each Audit Committee meeting and that board members who travel to education or conferences provide a brief report of their conference attendance. Ms. Kasaine reported that the Travel Policy includes the allocation allowance already.

Regarding Article 7, Member Muszar said that the current language regarding board elections and the appointment of the secretary of the PFRS board should be separated into specific sections. The committee and staff discussed options further specify changes to this section related to the Board Secretary and the Plan Administrator. He also made a suggestion that the Board president and the respective committee chairpersons manage their respective agendas.

On Article 8, member Muszar suggested inclusion of a section to make a regular review of the rules and regulations, perhaps every three years. Member Muszar and staff discussed his concerns about the travel policy and the rules and regulations.

Member Muszar addressed his concerns about Article 9 (meeting procedures and board action). He suggested the elimination of the use of the term "public speakers" in the rules and regulations and in the writing of the meeting minutes, stating that retirees who come to speak at the PFRS meetings dislike being referred to as 'public speakers' in the meeting minutes.

Member Muszar expressed his desire to eliminate the express time restrictions on public comment, and his preference to replace them by empowering the chair or president of a body to limit speaker time case-by-case. He also talked about Open Forum constraints of the rules and regulations.

Member Daniel expressed her concerns about Member Muszar's suggested changes to Article 9, because his suggestions create an amount of ambiguity in its written language to give the meeting chairperson too much authority to control time management at the meeting. She said a clear procedure delineated in the Rules and Regulations minimizes such issues. Member Muszar said the current Rules and Regulation provide a framework for time management of public speakers, but he feels its use is not followed. Member Daniel stated she would review several sections of article 9 and present proposed edits at the next Audit Committee meeting.

Member Daniel made a motion to table further discussion to the next Audit Committee meeting, second by member Muszar. Motion passed.

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

5. **Review of the previous administrative/management audit of PFRS Administration** – The Audit Committee and staff discussed the administrative/management audit of the PFRS system started in 2006.

Following some committee and staff discussion, Member Daniel recommended that staff review the task checklist / matrix represented in attachments C and D of the agenda package for this item and report back to the Audit Committee at the September 2017 meeting as to its

status. Member Muszar recommended this matter be brought back to the next meeting for further discussion. Member Daniel made a motion to table discussion of the matter until the next schedule Audit Committee meeting tentatively scheduled for September 27, 2017, second by member Muszar. Motion passed.

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

- 6. Retirement Department Office Remodel** – Plan Administrator Kasaine reported the details for the request for approval of funds to supplement the City's funding of remodeling costs of the office of the Retirement department. Following discussion between the Committee and staff, member Daniel made a motion to recommend moving this matter to the Board meeting for further discussion and action, second by member Muszar. Motion passed.

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

- 7. Open Forum** – No Report.
- 8. Future Scheduling** – The next Audit Committee meeting is scheduled for September 27, 2017. Staff and committee members discussed the scheduling of additional agenda items at upcoming meeting, including presentation of an updated overpayment/underpayment policy (November), Estate Attorney hiring update report (September) and the updated travel policy (September).

The meeting adjourned at 10:48 am.

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JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN

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DATE



# AGENDA REPORT

**TO:** Oakland Police and Fire Retirement Board

**FROM:** Katano Kasaine

**SUBJECT:** Rules and Regulations Review

**DATE:** August 10, 2017

## SUMMARY

At the May 31, 2017 PFRS Board meeting, the PFRS Board directed staff to bring a redlined draft copy of the current PFRS Rules and Regulations (**Attachment 1**) with edits for the Audit Committee's review. The PFRS Board directed staff to remove references to "active" PFRS members and to make other minor edits to update the current Rules and Regulations. In addition, Member Robert Muszar submitted his written edits to the Rules and Regulations and are attached as **Attachment 2**.

Respectfully submitted,

Katano Kasaine, Plan Administrator  
Oakland Police and Fire Retirement System

**Attachment(2):**

- Draft PFRS Rules and Regulations submitted by Staff
- Edited Draft PFRS Rules and Regulations submitted by Member Robert Muszar

# **ATTACHMENT 1**

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

## **Article 1: IDENTIFICATION**

### Section 1.1: Name

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

### Section 1.2: Office Location

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

### Section 1.3: Authority, Statutory Requirements

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

## **Article 2: MISSION STATEMENT**

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

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

## **Article 3: BOARD OF TRUSTEES**

### Section 3.1: Board Membership

The Board of the Police and Fire Retirement System consists of seven members, appointed or elected as set forth in Oakland City Charter section 2601: the Mayor (or a designated representative), a life insurance executive of a local office, a senior officer of a local bank, a community representative, an elected retired member of the Police Department, an elected retired member of the Fire Department, and an elected retired member position that alternates between the Police Department and Fire Department memberships. ~~A retired police or fire member may be elected by the active and retired~~

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

~~membership to serve if no active member is elected to serve on the Board from their respective department.~~

## Section 3.2: Procedure to Fill Vacancy of Elected Members

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

## Section 3.3: Procedure to Fill Vacancy of Appointed Members

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

## Section 3.4: Holdover

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

## Section 3.5: Compensation

All Board members shall serve without compensation.

## **Article 4: BOARD MEMBER RESPONSIBILITIES AND CORE COMPETENCIES**

### Section 4.1: Attendance

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

### Section 4.2: Preparation

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

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

## Section 4.3: Integrity

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

## Section 4.4: Conflict of Interest

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

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

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

## Section 4.5: Knowledge

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

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

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

## Section 4.6: Education

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

## Section 4.7: Collegiality

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

## Article 5: **MEETINGS**

### Section 5.1: Open Meetings / Quorum

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

### Section 5.2: Time and Place of Regular Meetings

#### Section 5.2a: Full Board

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

#### Section 5.2b: Standing Committee

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

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

### Section 5.3: Special Meetings

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

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

## **Article 6: FISCAL YEAR**

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

## **Article 7: OFFICERS**

### **Section 7.1: Elective Officers**

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

### **Section 7.2: Terms of President and Vice-President**

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

### **Section 7.3: Duties of President and Vice-President**

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

The President shall also:

- Appoint the members of the Board's standing committees annually prior to the October meeting;
- Add or delete items from the Full Board Meeting Agenda and Committee Agendas;
- Schedule a Special Meeting of the Board,
- Create ad hoc committees for a limited duration and purpose, which shall be comprised of at least one but less than a quorum of board members, and may include a non-board member(s),
- Sign authorized contracts, agreements and financial documents on the Board's behalf; and
- Perform other duties as directed by the Board.

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

The Vice President shall also:

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

## Section 7.4: Duties of the Secretary of the Board

The Secretary shall have the power to:

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

## Section 7.5: Duties of the Plan Administrator

The Plan Administrator is authorized to:

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

The Plan Administrator shall also:

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

## Article 8: **STANDING COMMITTEES**

### Section 8.1: Investment Committee

The Investment Committee shall be a Standing Committee of the Board, consisting of three members, whose chairperson shall be the banker representative on the Board. If the banker representative position is vacant, the Board President shall appoint a chairperson. Annually, before the October meeting, the President of the Board shall appoint the additional members of the committee, who shall serve until their successors have been appointed.

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

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

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

## Section 8.2: Audit/Operations Committee

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

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

- Review the Plan's administrative procedures for the purpose of ensuring prompt delivery of benefits and related services to participants and their beneficiaries and recommend necessary changes to the full Board.
- Review and recommend solutions to specific issues raised by the Board that relate to administration of the PFRS Plan.
- Review the actuarial valuation report and the annual financial audit report of the Plan and recommend approval by the Board, unless the Board President determines that a report should be reviewed in the first instance by the full Board.
- Review the annual budget and recommend approval by the Board.
- Monitor the Plan's administrative budget and assist the Board in defraying reasonable expenses.
- Develop and recommend changes to Board rules, regulations and policies in non-investment areas.

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

- Other duties and/ or issues as directed by the Board.
- Approve Board Member Travel.
- Periodically review PFRS Travel Policy.

## **Article 9: MEETING PROCEDURES AND BOARD ACTION**

### **Section 9.1: Board and Committee Time Management**

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

### **Section 9.2: Speakers' Cards**

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

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

### **Section 9.3: Public Speaker Procedures**

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

### **Section 9.4: Time Limits for Public Speakers**

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

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

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

Subject to Section 9.4 and the discretion of the presiding officer, which discretion must be exercised in accordance with Section 9.4, a speaker who submits his or her name to speak on four or more items (other than open forum) will be instructed to address all items concurrently and shall be allotted 2 minutes per item up to a maximum of 10 minutes; if

## OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

the presiding officer exercises his/her discretion under Section 9.4 to reduce each speaker's time to one (1) minute, speakers who submit four or more speaker's cards shall be allotted one (1) minute per item up to a maximum of 5 minutes.

### Section 9.6: Ceding Time

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

### Section 9.7: Open Forum

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

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

### Section 9.8: Procedure for Placing New Items on an Agenda

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

### Section 9.9: Procedure to Add, Remove Agenda Items

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

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

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

## Section 9.10: Minutes

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

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

## Section 9.11: Other Requests

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

## Section 9.12: Requests by the Board

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

## Section 9.13: Requests by Individual Board Members

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

## Section 9.14: Resolutions

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

- Retirement of active members of the Police and Fire Retirement System;
- Setting of Retirement and Disability Allowances;
- Reinstatement of members from the Disability Allowance Roll to active status;

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

- Approval of Death Benefits;
- Approval of continuation of allowances to eligible surviving spouse.
- Authorization of Contracts

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

## Section 9.15: Ayes and Noes

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

## Section 9.16: Subject and Title

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

## Article 10: RULES OF ORDER

Roberts' Rules of Order shall be the final authority on all questions of procedure and parliamentary law, not otherwise provided for by the City Charter, (Article XXVI) or these rules.

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

### Section 11.1: Day for Counting of Ballots

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

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

### Section 11.2: Notice of Nomination

On or before the first business day in June of each year in which an election is required, the office of the Police and Fire Retirement Board shall send a notice stating that nomination papers may be obtained at the office of said Police and Fire Retirement Board, the place where nomination papers shall be filed and the final date of filing thereof, the

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

date when ballots will be counted and such other information as may be appropriate to the following organizations:

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

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

## Section 11.3: Nomination for Membership

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

## Section 11.4: Date of Filing Nomination Papers

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

## Section 11.5: Determination of Sufficiency of Nominating Papers

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

## Section 11.6: Winner by Default

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

## Section 11.7: Mailing of Ballots

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

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

## Section 11.8: Roster of Eligible Voters

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

## Section 11.9: Counting of Ballots

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

## Section 11.10: Vote Necessary for Election

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

## Section 11.11: Disposition of Ballots after Counting

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

## Section 11.12: Procedure to Fill Vacancy of Elected Members

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

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the remainder of said unexpired three (3) year, or five (5) year, term. The election shall be governed by Article 11.

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

**Section 12.1:    Day for Counting Recall Ballots**

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

**Section 12.2:    Notice of Recall Petition**

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

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

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

**Section 12.3:    Date of Filing Recall Petition Paper**

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

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

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

**Section 12.4:    Determination of Recall Petition**

The City Clerk of the City of Oakland will determine when a member is recalled and for this purpose shall have access to the records of the Police and Fire Retirement Board. The City Clerk, within five (5) days after the last day for filing Recall Petition papers will

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

certify to the office of the Police and Retirement Board the names of those ~~active or~~ retired members of the respective departments determined by him to have been recalled.

## Section 12.5: Mailing of Ballots

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

## Section 12.6: Roster of Eligible Voters

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

## Section 12.7: Counting of Ballots

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

## Section 12.8: Vote Necessary for Recall

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

## Section 12.9: Disposition of Ballots after Counting

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

## **Article 13: PROCEDURE TO FILL VACANCY OF RECALLED MEMBER**

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

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

## **Article 14: AMENDMENT OF RULES AND REGULATIONS**

# OAKLAND POLICE AND FIRE RETIREMENT SYSTEM RULES AND REGULATIONS

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

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

The Rules and Regulations of the Oakland Police and Fire Retirement System have been approved by vote of the Board of Administration, effective SEPTEMBER 24, 2014.

---

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

---

KATANO KASAINÉ  
SECRETARY  
OAKLAND POLICE & FIRE RETIREMENT SYSTEM BOARD

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
RULES AND REGULATIONS

APPENDIX A

Nomination Form – Elected PFRS Member

**OAKLAND POLICE AND FIRE RETIREMENT BOARD**

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

	<b>Name</b>	<b>Signature</b>	<b>Date</b>
1.	_____	_____	_____
2.	_____	_____	_____
3.	_____	_____	_____
4.	_____	_____	_____
5.	_____	_____	_____
6.	_____	_____	_____
7.	_____	_____	_____
8.	_____	_____	_____
9.	_____	_____	_____
10.	_____	_____	_____

I accept the nomination and consent to serve if elected.

\_\_\_\_\_  
**Signature of Nominee**

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
RULES AND REGULATIONS

APPENDIX B

Board Member Recall Form – Elected PFRS Member

**OAKLAND POLICE AND FIRE RETIREMENT BOARD**

I, undersigned, am an ~~active~~ or retired member of the Oakland Police or Fire Department (as the case may be), and a member of the POLICE AND FIRE RETIREMENT SYSTEM.

I hereby request that \_\_\_\_\_,  
a member of the POLICE AND FIRE RETIREMENT BOARD as representative for the Police or Fire Department (as the case may be), be recalled by the retired membership of said department, for the unexpired term ending \_\_\_\_\_, for the following reasons:

---

---

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

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
RULES AND REGULATIONS

DIRECTORY OF AMENDMENTS

Amendment ID	Date	Notes
	09/24/2014	Creation of New Rules and Regulations approved by PFRS Board.
	07/29/2015	Passage of PFRS Board Resolution No. 6856 affirming, "that the September 24, 2014 Rules and Regulations are the only Rules the PFRS board uses to govern, until amended."

## **ATTACHMENT 2**

**Date:** July 5, 2017

**To:** Audit/Operations Committee

**From:** Robert J. Muszar

**Subject:** Audit/Operations Committee Review of PFRS Rules and Regulations - Draft Recommendations

The Audit and Operations Committee began its review of the System's Rules and Regulations on May 31, 2017 with the goal of submitting its recommendations to the full Board at the Board's October 2017 meeting.

At the May 31, 2017 Committee meeting I volunteered to draft proposed modifications to Article 9 of the Rules as they apply to placing items onto Board and committee agendas. I also took the liberty to expand my effort to include proposed language regarding most of the Rules sections flagged for review. This material was submitted to PFRS staff on Jun 15, 2017 for inclusion in the June 28, 2017 agenda package. However, the material was not included as requested.

At the June 28, 2017 Audit/Operations Committee meeting it was agreed that I would consolidate all of my suggestions (May 15, May 31 and June 14 memos) into a single set of recommendations. It was further agreed that: staff would prepare and maintain a second document which included only those recommendations that have been approved by the Committee for submission to the full Board; the City Attorney would provide advice/guidance regarding Sections 3.4 and the second paragraph of Section 9.10; and; both my updated recommendations and staff's document reflecting the Committee's recommendations would be included in the July 26 agenda package. Lastly, it was agreed that discussion of the material would be put over until the August 30 meeting.

I would like to thank the Committee for providing this opportunity. I look forward to our discussions.

Attachment

cc: Katano Kasaine  
Pelayo Llamas



1       **Article 3: BOARD OF TRUSTEES**

2  
3       Section 3.1: Board Membership

4  
5       The Board of the Police and Fire Retirement System consists of seven members,  
6       appointed or elected as set forth in Oakland City Charter section 2601: the Mayor (or  
7       a designated representative), a life insurance executive of a local office, a senior  
8       officer of a local bank, a community representative, an elected retired member of the  
9       Police Department, an elected retired member of the Fire Department, and an elected  
10      member position that alternates between the Police Department and Fire Department  
11      memberships. ~~A retired police or fire member may be elected by the active and retired~~  
12      ~~membership to serve if no active member is elected to serve on the Board from their~~  
13      ~~respective department.~~

14  
15      Section 3.4: Holdover

16  
17      *(Referred to Deputy City Attorney for research).*

18  
19      **Article 4: BOARD MEMBER RESPONSIBILITES AND CORE COMPETENCES**

20  
21      Section 4.6: Education

22      Board members are expected to pursue educational opportunities that will assist them  
23      in the fulfillment of their fiduciary duties to the retirement plan and its beneficiaries.  
24      Each Board member will be allocated an educational allowance on an annual basis.  
25      **The amount of individual training allotments will be detailed in the PFRS budget**  
26      **and each Board member's expenditures will be reported to the Audit/Operations**  
27      **Committee monthly.**

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**Article 7: OFFICERS**

Section 7.1: Elective Officers

*(Request further discussion)*

Section 7.3: Duties of President and Vice-President

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

The President shall also:

- Appoint the members of the Board's standing committees annually prior to the October meeting;
- ~~Add or delete items from the Full~~ **Manage** Board Meeting Agendas in accordance with **Article 9 of these Rules.** and, ~~Committee Agendas;~~
- **Ensure that Committee Chairs manage committee agendas in accordance with Article 9 of these Rules.**
- Schedule a Special Meeting of the Board,
- Create ad hoc committees for a limited duration and purpose, which shall be comprised of at least one but less than a quorum of board members, and may include a non-board member(s),

1 • Sign authorized contracts, agreements and financial documents on the Board's  
2 behalf; and

3  
4 • Perform other duties as directed by the Board.  
5

6 Section 7.4: Duties of the Secretary of the Board  
7

8 *(Request further discussion)*  
9

10 Section 7.5: Duties of the Plan Administrator  
11

12 *(Request further discussion)*  
13

14 **Article 8: STANDING COMMITTEES**  
15

16 Section 8.2: Audit/Operations Committee  
17

18 The Audit/Operations Committee shall be a Standing Committee of the Board,  
19 consisting of three members. Annually, before the October meeting, the President of  
20 the Board shall appoint the members of the committee, who shall serve until their  
21 successors have been appointed. The President shall appoint a Committee  
22 chairperson from one of the three Committee members.  
23

24 The Audit/Operations Committee shall have the responsibility for making  
25 recommendations to the Board in the following areas:  
26

27 • Review the Plan's administrative procedures for the purpose of ensuring prompt  
28 delivery of benefits and related services to participants and their beneficiaries and  
29 recommend necessary changes to the full Board.  
30

1 • Review and recommend solutions to specific issues raised by the Board that relate  
2 to administration of the PFRS Plan.

3  
4 • Review the actuarial valuation report and the annual financial audit report of the Plan  
5 and recommend approval by the Board, unless the Board President determines that  
6 a report should be reviewed in the first instance by the full Board.

7  
8 • Review the annual budget and recommend approval by the Board.

9  
10 • Monitor the Plan's administrative budget and assist the Board in defraying  
11 reasonable expenses.

12  
13 • Develop and recommend changes to Board rules, regulations and policies in  
14 noninvestment areas. **At a minimum, review Board rules and make**  
15 **recommendations to the Board as deemed appropriate every three years with**  
16 **the first review to be conducted in 2020.**

17  
18 • Other duties and/ or issues as directed by the Board.

19  
20 • **Recommend approval of ~~Approve~~ Board Member ~~Travel~~ and staff travel in**  
21 **accordance with the PFRS Travel Policy and individual training allotments.**

22  
23 • **Periodically review PFRS Travel Policy. At a minimum, review the Board travel**  
24 **policy and make recommendations to the Board as deemed appropriate every**  
25 **three years with the first review to be conducted in 2020.**

1       **Article 9:           MEETING PROCEDURES AND BOARD ACTION**

2  
3       Section 9.1: Board and Committee Time Management

4  
5       The Board President or Committee Chair is responsible for time management of the  
6       applicable body. To the greatest extent feasible, all items on Board and Committee  
7       agendas shall be supported by concise, easily accessible written information **which**  
8       **shall be submitted pursuant to Section 9.11, below.**

9  
10      Section 9.2: Speakers' Cards

11  
12      ~~Members of the public~~ **Except as provided in Section 9.7 below, Individuals**  
13      wishing to speak must submit their name and the item on the agenda they wish to  
14      discuss, if any, to staff ~~before being recognized by the presiding officer~~ **prior to the**  
15      **beginning of the meeting.**

16  
17      ~~Members of the public who wish to speak must complete a speaker~~ **A speaker's card**  
18      **must be completed** for each agenda item ~~he/she wishes to speak on.~~ **Speakers'**  
19      **cards listing multiple agenda items cannot be listed on one speaker card will not be**  
20      **accepted. If the intent is to cede time to another speaker, the name of the**  
21      **individual to whom time is being ceded shall also be listed on the speaker card.**

22  
23      Section 9.3: Public Speaker Procedures

24  
25      ~~Members of the public~~ **Individuals** addressing the Board shall state their name. They  
26      shall confine their remarks to the agenda item under discussion, unless they are  
27      speaking during the Open Forum ~~portion of the agenda.~~

1       Section 9.4: Time Limits for Public Speakers

2  
3       **The Board President or Committee Chair may impose reasonable time limits on**  
4       **speakers. In making this determination the number of speakers' cards**  
5       **submitted, the complexity of the issues to be addressed and the number of**  
6       **items on the agenda will be considered. If time limits are to be imposed they**  
7       **will be announced at the beginning of the meeting.**

8  
9       **If time limits have not been imposed, speakers are expected to be respectful of**  
10       **the Board/Committee's time limiting presentations to concise, on-point**  
11       **comments. Generally presentations should not exceed five minutes. If a**  
12       **presentation exceeds five minutes the Board President or Committee Chair may**  
13       **direct the speaker to conclude his/her remarks and may impose a time limit for**  
14       **so doing.**

15  
16       ~~Any member of the public who has submitted a speaker card on an agenda item, other~~  
17       ~~than open forum~~ **If time limits have been imposed, each speaker normally will**  
18       **shall be allotted three (3) minutes to speak prior to any vote or action by the Board. If**  
19       **more than five (5) individuals have submitted speakers' cards on the same item,**  
20       **the Board President or Committee Chair may limit time to two (2) minutes per**  
21       **speaker. If more than ten (10) speakers have submitted speakers cards on the**  
22       **same item, time may be limited to one (1) minute per speaker.**

23  
24       ~~Subject to the provisions of this Rule that apply to public speakers who submit multiple~~  
25       ~~speaker's cards~~ **ceding time**, all public speakers on any one item shall be allotted the  
26       **same amount of speaking time on that item, unless given ceded time, or unless more**  
27       ~~time must be given to comply with due process or other legal requirements or in~~  
28       ~~circumstances where the Board is acting in a quasi-adjudicatory capacity.~~

29  
30       ~~Section 9.5: Speakers Submitting Speaker's Cards on Multiple Items~~

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

10  
11 ~~Section 9.6~~ **9.5: Ceding Time**

12  
13 ~~In case the allotted time for each public speaker is less than two (2) minutes on an~~  
14 ~~agendized item~~ **If time limits have been imposed**, a public speaker may extend his  
15 or her speaking time if other public speakers who have submitted speakers' cards  
16 cede their time to the recipient public speaker. The recipient public speaker will receive  
17 **one-half of the allotted (1) minute** speaking time from each ceding public speaker,  
18 up to a maximum of ~~five (5) minutes~~ **three times the allotted time.**

19  
20 At the presiding officer's discretion, a public speaker may be allotted more than ~~five~~  
21 ~~(5) minutes~~ **three times the allotted time** based on ceded time. ~~The recipient public~~  
22 ~~speaker must submit the ceding public speakers' speaking cards, and the Speakers~~  
23 ~~ceding public speakers time~~ must be present at the time the recipient public speaker  
24 speaks.

25  
26 ~~Section 9.7~~ **9.6: Open Forum**

27  
28 **Public Speakers** submitting their names to speak under open forum shall be allotted  
29 a maximum of three (3) minutes. A public speaker may speak only once under open  
30 forum during any one meeting, subject to the discretion of the presiding officer. **If more**

1 **than five (5) individuals have submitted speakers' cards for open forum, the**  
2 **Board President or Committee Chair may** ~~The presiding officer may reduce limit~~  
3 ~~each public speaker's allotted time to one (1) minute~~ **two (2) minutes. . If more than**  
4 **ten (10) speakers have submitted speakers cards for open forum, time may be**  
5 **limited to one (1) minute per speaker. if he or she publicly states all reasons**  
6 ~~justifying any reduction in speaker time, which reasons shall be based at least on~~  
7 ~~consideration of the time allocated or anticipated for the meeting, the number and~~  
8 ~~complexity of agenda items and the number of persons wishing to address the local~~  
9 ~~body, and whether there will be sufficient time available during the meeting to consider~~  
10 ~~all agenda items if all public speakers are allowed two (2) minutes to speak.~~

11  
12 **The Board cannot take any action, other than scheduling the item for future**  
13 **consideration, under Open Forum unless it is deemed an emergency or urgency**  
14 **matter under the Sunshine Ordinance and Brown Act by a vote of the Board. Board**  
15 **members and staff representatives may ask clarifying questions of the speaker**  
16 **but will engage in no substantive discussion of the issue.**

17  
18 **Sections 9.7: Exceptions**

19  
20 **The provisions of Section 9.4 above, shall not apply to the following:**

- 21
- 22 • **Speakers who are presenting an agenda item or making a report to the**  
23 **Board or a committee.**
  
  - 24
  - 25 • **Individuals or the representatives of individuals who are the subject of or**  
26 **directly impacted by the subject matter of a public hearing held by the**  
27 **Board or a committee.**
- 28

- **Individuals or the representatives of individuals who are the subject of a hearing of the Board held pursuant to Sections 2603 or 2604 of the City Charter.**

Section 9.8: Procedure for Placing New Items on an Agenda – Board Members

**During the Future Scheduling (or New Business) portion of Board/Committee meetings and subject to Section 9.11, below** ~~For any new business by any board member, the full Board is authorized to may add the~~ **have an item that is within the subject matter responsibility of the Board/Committee placed onto a future Board/Committee agendas of any meeting by an affirmative vote of a majority of the quorum of Board members present. Discussion during Future Scheduling will be limited to scheduling issues and seeking clarity as to proper titling of the future agenda item. There shall be no substantive discussion of the topic.**

Section 9.9: Procedure to Add, Remove Agenda Items Between Meetings – Board Members

For Board items, any Board member wishing to add a Board agenda item (or remove **an item which he/she has had added**) after the Board has met, but before the agenda is published, must obtain authorization from the President of the Board.

For Committee items, any Board member wishing to add a Committee agenda item (or remove **an item which he/she has had added**) after the Committee has met, but before the agenda is published, must obtain authorization from the ~~President of the Board~~ and the Chair of the Committee **who may consult with the Board President before responding.**

1     **Section 9.10: Procedure for Placing New Items on Agenda – Non Board**  
2     **Members**

3  
4     **Subject to Section 9.11 below, requests from other entities/individuals to have**  
5     **an item that is within the subject matter responsibility of the Board/Committee**  
6     **placed onto a Board/Committee agenda will be submitted in writing to the Plan**  
7     **Administrator. The Board President or Committee Chair, in consultation with**  
8     **the Plan Administrator will decide whether to place the item on a future agenda.**  
9     **The decision of the Board President/Committee Chair will be communicated in**  
10    **writing to the requesting entity/individual by the Plan Administrator.**

11  
12    **The provisions of Section 9.10 are not intended to apply to scheduled reports**  
13    **provided to the Board and/or its Committees by PFRS staff or the Board's**  
14    **professional advisers. These items may be placed on the appropriate agenda**  
15    **by the Plan Administrator as a matter of routine.**

16  
17    **Section 9.11: Submission of Agenda Materials**

18  
19    **Items which are placed onto a Board or Committee agenda pursuant to the**  
20    **processes described in Sections 9.8, 9.9 and 9.10 above, normally will be**  
21    **supported by written materials submitted to the Plan Administrator by close of**  
22    **business on the Wednesday that is two (2) weeks prior to the scheduled**  
23    **Board/Committee meeting. If such materials are received following this**  
24    **deadline, the item will not be placed onto the appropriate agenda until the**  
25    **following month.**

26  
27    **This Section is not intended to prohibit oral-only submissions, but unless**  
28    **specifically approved by the Plan Administrator with the concurrence of the**  
29    **Board President/Committee Chair written materials that do not conform to the**

1 **above-described schedule will not be accepted for inclusion in agenda**  
2 **packages.**

3  
4 Section 9.12: Minutes

5  
6 The Secretary shall cause to be recorded in the minutes, the time and place of each  
7 meeting of the Board, the names of Board members present and all official acts of the  
8 Board along with a summation of the Board discussion along with the votes, and shall  
9 cause the minutes to be written and presented for approval no later than the second  
10 succeeding regular meeting.

11  
12 Draft minutes shall be prepared and forwarded to Board members for review by the  
13 ~~15th~~ 10<sup>th</sup> business day following each meeting. The minutes or a true copy thereof,  
14 submitted and signed by the Secretary after approval by the Board shall form part of  
15 the permanent records of the Board.

16  
17 *(Should we consider adding a provision for the preparation and distribution*  
18 *of action minutes?)*

19  
20 Section 9.13: Other Requests

21  
22 Other requests by the plan sponsor, **retirees/beneficiaries**, other entities or the public  
23 will be directed to the Plan Administrator, who will review and respond  
24 administratively. To the extent the request needs to be addressed to or by the Board  
25 **or a Committee**, the request will be brought to the full board/**committee** for further  
26 direction or authorization.

1     Section 9.14: Other Requests by the Board

2  
3     Any research, analyses and reports from staff as are necessary for the Board's  
4     effective oversight of PFRS operations shall be initiated by placing that item on a future  
5     agenda in accordance with section 9.8. Such requests will be agendized and  
6     considered at regularly scheduled Board meetings. If approved, the Plan Administrator  
7     will be responsible for coordinating the completion of the approved project or report  
8     within a reasonable time or by the completion date specified in the Board action.

9  
10    Section 9.15: Other Requests by Individual Board Members

11  
12    Board members making individual requests for information will be advised to place the  
13    item on the Board meeting agenda in accordance with section 9.8 unless the  
14    information is readily available and the Plan Administrator determines that a response  
15    will not require any significant commitment of staff time or other PFRS resources.

16  
17    Section 9.16: Resolutions and Orders

18  
19    The Board shall act either by order or by resolutions, numbered in sequence of  
20    passage. In every instance, authorization by Board resolution shall be required for the  
21    following:

- 22  
23    • ~~Retirement of active members of the Police and Fire Retirement System;~~  
24  
25    • ~~Setting of Retirement and Disability Allowances;~~  
26  
27    • **Changes to the types of compensation to be included as "Compensation"**  
28    **and/or "Compensation Attached to the Average Rank Held"**  
29  
30    • ~~Reinstatement of members from the Disability Allowance Roll to active status;~~

1

2

- Approval of Death Benefits;

3

4

- Approval of continuation of allowances to eligible surviving spouse;

5

- Authorization of Contracts.

6

7

The Board may, in its discretion, act by resolution in other matters not listed above.

8

Actions taken by the Board by way of order shall be set forth in the minutes of the

9

Board.

10

11

#### Section 9.17: Ayes and Noes

12

13

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

14

15

16

17

#### Section '9.18: Resolutions - Subject and Title

18

19

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

20

21

22

### **Article 10: RULES OF ORDER**

23

24

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

25

26

27

28

1     **Article 11:     ELECTION OF MEMBERS OF THE BOARD REPRESENTING**  
2                    **~~ACTIVE AND RETIRED~~ MEMBERS OF THE RETIREMENT**  
3                    **SYSTEM**

4  
5     *(Referred to staff to remove references to active members and other possible*  
6     *clean-up)*

7  
8     *(Request further discussion on possible provision to allow police or fire*  
9     *representative to fill position designated for the other if no one from appropriate*  
10    *department is available to serve)*

11  
12    **Article 12:     RECALL OF MEMBER OF THE BOARD REPRESENTING ~~ACTIVE~~**  
13                    **~~AND RETIRED~~ MEMBERS OF THE RETIREMENT SYSTEM**

14  
15    *(Referred to staff to remove references to active members and other possible*  
16    *clean-up)*

17  
18    *(Request further discussion regarding combining recall and replacement*  
19    *elections into a single election with two questions)*

20  
21    Request further discussion regarding the following:

- 22  
23        • Hearing procedures for hearings conducted pursuant to Sections 2603 and  
24        2604 of the Charter.  
25  
26        • Hearing procedures for public hearings that are not conducted pursuant to  
27        Sections 2603/2604 of the Charter.

**D R A F T**

**AN AUDIT/OPERATIONS COMMITTEE MEETING** of the Oakland Police and Fire Retirement System ("PFRS") was on held Wednesday, October 25, 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
- Teir Jenkins & David Low, Staff Member
- Pelayo Llamas, PFRS Legal Counsel

The meeting was called to order at 9:13 am.

1. **Approval of September 27, 2017 Audit Committee meeting minutes** – The Audit Committee and staff discussed where in the meeting minutes was the discussion item regarding the 2016-17 budget amendment report. Member Muszar said it was meant to include the previously reported retirement department office buildout. Staff reported it would appear as part of the mid-cycle budget to be presented to the Board in early 2018. The Committee directed staff to review the recording of the meeting minutes and clarify the correct actions reported by the committee. The committee postponed approval of the meeting minutes to the next meeting. Member Daniel made a motion directing staff to clarify the correct actions reported at the September 27, 2017 meeting and return the audit committee meeting minutes for approval at the next audit committee meeting, second by member Muszar. Motion passed.

[SPEAKMAN – Y / DANIEL – Y / MUSZAR – Y]  
(AYES: 3 / 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, 2017 through August 31, 2017. The Committee and staff discussed the reporting of Cash in Treasury (table 2) and what can be done to minimize cash on hand so it continues to be invested for maximum value. Staff and the Committee clarified the reporting and the actual cash that is carried month-to-month. Staff said that cash-in-treasury continues to be invested. Following committee and staff discussion, Member Daniel made a motion to accept the Administrative Expenses Report from July 1, 2017 through August 31, 2017, second by member Muszar. Motion passed.

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

3. **Review of Possible administrative audit/management audit of PFRS Administration** – Member Muszar reviewed his reasons why he feels a new management audit would benefit the retirement system and why regular management audits would be prudent. He said the most recent management audit had laid the groundwork that could serve as the framework to conduct a follow-up. Member Daniel agreed that taking advantage of what was done before could be used as a checklist to affirm compliance with these approved recommendations.

**D R A F T**

Plan Administrator Katano Kasaine acknowledged the benefit of the management audit but noted that management and staff currently have little time to address and review the recommendations presented in the audit. The Audit Committee acknowledged Ms. Kasaine's concern that the time to address a management audit can wait for a time when the staff workload lightens before commencing and suggested sometime in the first part of 2018. Ms. Kasaine described the ability of the financial auditor to address the management audit in their scope of work.

Following additional discussion, Member Muszar made a motion to table discussion of this matter until the January 2018 meeting, second by member Daniel. Motion passed.

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

4. **Review of PFRS Rules and Regulations** – Member Daniel said she was reviewing Member Muszar's proposed edits to the PFRS Rules and Regulations and explained her reasons why she did not support most of his proposed edits to article 9 (Meeting Procedures and Board Action). She feels that the chair and the public benefit from clear rules, and the chair should not be placed in a situation to create rules on an ad hoc basis. She did feel discussion regarding the procedures for placing items on committee agendas deserve some attention. There is also a need for separate rules to address any member hearings under Section 2603 to due process. She also opposes Member Muszar's proposal to allow any single member to place an item on an agenda. Member Muszar stated his reasons why any member of the Board should have the ability to add agenda items to the Board or Committee agendas. Plan Administrator Kasaine explained the history of why the Rules and Regulations included the current rules regarding adding agenda items to the agenda. Following committee and staff discussion, the committee agreed to carry discussion of this matter to the next Audit Committee meeting.
5. **Review of Staff Update of the PFRS Travel Policy** – Due to time constraints, this matter tabled to the next Audit Committee meeting. Member Muszar asked staff to provide a redline changes version to the current document for the future meeting.
6. **Resolution No. 6984 – Travel Authorization for PFRS Legal Counsel Pelayo Llamas** – Member Muszar made a motion to recommend Board approval of Resolution No. 6984 authorizing travel and reimbursement for PFRS Legal Counsel Pelayo Llamas to travel and attend the 2017 CALAPRS Attorneys' Roundtable Conference ("2017 CALAPRS Conference") on October 27, 2017 in San Jose, CA with an estimated budget of Two Hundred Dollars (\$200.00), second by member Daniel. Motion passed.

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

7. **Resolution No. 6985 – Travel Authorization for PFRS Board Member R. Steven Wilkinson** – Member Muszar made a motion to recommend Board approval of Resolution No. 6985 authorizing travel and reimbursement for PFRS Board Member Steven Wilkinson to travel and attend the 2017 GCM Grosvenor Small + Emerging

Managers Conference ("2017 GCM Grosvenor Conference") from November 7-8, 2017 in Chicago, IL with an estimated budget of One Thousand Three Hundred Dollars (\$1,300.00), second by member Daniel. Motion passed.

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

8. **Resolution No. 6986 – Travel Authorization for PFRS Investment Officer Teir Jenkins** – Member Muszar made a motion to recommend Board approval of Resolution No. 6986 authorizing travel and reimbursement for PFRS Staff Member Teir Jenkins to travel and attend the 2017 GCM Grosvenor Small + Emerging Managers Conference ("2017 GCM Grosvenor Conference") from November 7-8, 2017 in Chicago, IL with an estimated budget of One Thousand Three Hundred Dollars (\$1,300.00), second by member Daniel. Motion passed.

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

9. **Open Forum** – No Report.

10. **Future Scheduling** – The next audit committee meeting was scheduled for November 29, 2017. Staff reported that this time may change depending on review by the Board at the Board meeting.

The meeting adjourned at 10:11 am.

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JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN

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DATE

**PFRS Audit/Operations Committee Meeting Minutes**  
**March 28, 2018**  
**Page 1 of 3**

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

- 9. **Future Scheduling** – The next Audit Committee meeting was scheduled for April 25, 2018.
- 10. **Open Forum** – No Report.
- 11. **Meeting Adjournment** – Meeting adjourned at 1:30 pm.

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JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN

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DATE

**PFRS Audit/Operations Committee Meeting Minutes**  
**April 25, 2018**  
**Page 1 of 3**

**AN AUDIT/OPERATIONS COMMITTEE MEETING** of the Oakland Police and Fire Retirement System ("PFRS") was held on Wednesday, April 25, 2018 in Hearing Room 3, One Frank Ogawa Plaza, Oakland, California.

Committee Members Present:

- John C. Speakman, Chairman
- Robert J. Muszar, Member
- Christine Daniel, Member

Additional Attendees:

- Katano Kasaine, Plan Administrator
- Teir Jenkins & David Low, Staff Member
- Pelayo Llamas, PFRS Legal Counsel

The meeting was called to order at 9:04 am.

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

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

2. **Administrative Expenses Report** – Investment Officer Teir Jenkins presented the administrative expenses report from July 1, 2017 through February 28, 2018. Member Muszar made a motion to accept the administrative expenses report from July 1, 2017 through February 28, 2018, second by member Daniel. Motion passed.

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

3. **Report of the 2018-19 Mid-cycle PFRS Administrative Budget** – Plan Administrator Katano Kasaine reported the details and adjustments made to the mid-cycle 2018-2019 PFRS Administrative budget. Member Muszar said he was concerned that the increase to the Miscellaneous Expenditure line item for Internal Administrative Costs to include medical examination expenses for support of medical claims by retirees should be its own expense line item. Ms. Kasaine explained that the accounting system used by staff does not have a unique line item for such an expense and falls under miscellaneous. **MOTION:** Following Committee discussion, member Muszar made a motion to recommend Board approval the 2018-2019 Mid-cycle PFRS Administrative Budget with addition of a new line item indicating Retiree Medical Examination expenses. There was no second to this motion and Member Muszar's motion failed.

**MOTION:** Following additional committee discussion, Member Muszar made a motion to approve the 2018-2019 mid-cycle PFRS Administrative Budget, second by member Daniel. Motion passed.

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

Staff was directed to add a footnote to any monthly expense report in which a "miscellaneous" expense has been incurred for medical costs to assess a retiree's claim of change in cause of disability, or claim of industrial cause of death. Staff was also directed to present a report at the next Audit Committee meeting stating year-to-date expenditures of said retiree medical examination expenses.

**PFRS Audit/Operations Committee Meeting Minutes**

**April 25, 2018**

**Page 2 of 3**

4. **City of Oakland Insurance for PFRS Board Member** – Mr. Jenkins presented his report of the City of Oakland’s insurance coverage that extends to the PFRS Board. Member Muszar said he feels the level of insurance coverage is inadequate (only limited to accidental cause, and low value of benefit) and wanted to explore how to obtain greater insurance coverage. Following committee discussion, Member Daniel made a motion to (1) hold this matter in committee, (2) direct staff to research the ability to obtain insurance for the PFRS Board and (3) research and obtain a cost estimate for broader insurance coverage, second by member Muszar. Motion passed.

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

5. **Review of PFRS Rules and Regulations** – Mr. Jenkins reported the completion of the PFRS Rules and Regulations per the Audit Committees direction at the previous PFRS Audit Committee and presented the final draft version for review and approval. Member Muszar said he would like to have the development and inclusion of Hearing Procedures included in the Rules and Regulations. Member Muszar said the setting of clear hearing procedures would help mitigate conflict and confusion regarding hearings. Member Daniel expressed a due process distinction between hearings for policy matters compared to individual matters. Also, Member Muszar requested that, because the Mission Statement section does not address the members of the retirement system, such a statement should be added.

Following committee discussion, the Audit Committee agreed that hearing procedures would not be included in the revised version of the PFRS Rules and Regulations but should continue to be developed separately. Additionally, the committee agreed that the addition of new language to the Mission Statement section of the Rules and Regulations would be added and the current draft language would be edited.

**MOTION:** Member Daniel made a motion to recommend Board approval of the revised PFRS Rules and Regulations with the following edit to ARTICLE 2 – MISSION STATEMENT: “The Oakland Police and Fire Retirement System is dedicated to the protection and prudent investment of the pension funds for the benefit of the PFRS retirees and beneficiaries. PFRS strives to give the beneficiaries of this retirement system friendly and courteous service. The Board of the Oakland Police and Fire Retirement System manages and administers the Oakland Police and Fire Retirement System and Fund. In order to fulfill this mission, the PFRS Board shall:...”, second by member Muszar. Motion passed.

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

Staff was instructed to provide the Audit Committee at the May 2018 meeting research on the policy governing hearing procedures from other retirement systems, including Contra Costa County, City of Fresno and City of San Diego.

6. **PFRS Policy governing the Overpayment and Underpayment of Member Benefits** – Ms. Kasaine presented the report about the draft policy governing the overpayment and underpayment of member benefits. Member Muszar thanked Ms. Kasaine and staff for their work and suggested it be held in Committee. He stated he has three pages of comments and requested that Committee Members submit any written comments to staff for discussion at the June 2018 meeting. **MOTION:** Member Muszar made a motion (1) to hold this matter over until the June 2018 Audit Committee meeting for further discussion and (2) to have Committee Members submit to staff written comments by June 15, 2018 in order for them to be published with the June 2018 agenda, second by member Daniel. Motion passed.

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

7. **Discussion regarding PFRS July 1, 2026 Actuary Funding Deadline** – Ms. Kasaine stated she will report to the Audit Committee at its May 2018 meeting, her communication with the City Administrator's office about creating a working group to address the 2026 actuarial funding deadline of the system. The Audit Committee also suggested the necessity of including a member of the PFRS Investment Committee as well as from the Audit Committee in the working group. **MOTION:** Member Daniel made a motion to recommend the Board nominate an Investment Committee member to become part of the working group to address the July 1, 2026 actuarial funding deadline and to hold this matter over for continued discussion at the May 2018 Audit Committee meeting, second by member Muszar. Motion passed.

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

6. **Pending Audit Agenda List** – Staff and Audit Committee discussed the pending items list. Staff was directed to bring the write-off of uncollectable accounts to the May 2018 Audit Committee meeting. The IFS Management Audit matter was also scheduled for the May 2018 Audit Committee with summary minutes from previous committee meeting.
7. **Future Scheduling** – The next Audit Committee meeting was scheduled for May 30, 2018.
8. **Open Forum** – No Report.
9. **Meeting Adjournment** – Meeting adjourned at 10:22 am.

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JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN

DATE

04/30/18 4:46pm

**Message body**

Attention PFRS Audit Committee members:

At the April 25, 2018 PFRS Audit Committee staff was instructed to deliver the following to the members of the Audit Committee:

**PFRS HEARING POLICY AND PROCEDURES:** Attached here are the hearing procedures for three California Retirement Systems: (1) CONTRA COSTA COUNTY EMPLOYEES RETIREMENT ASSOCIATION (CCCERA), (2) FRESNO CITY EMPLOYEES RETIREMENT SYSTEM (FCERS), and (3) SAN DIEGO CITY EMPLOYEES RETIREMENT SYSTEM (SDCERS).

**PFRS OVERPAYMENT / UNDERPAYMENT POLICY:** Attached here is the draft of the PFRS Policy Governing Overpayment or Underpayment of Member Retirement Allowances. Please review this policy and return your edits to Staff no later than 3:00 pm on Wednesday, June 13, 2018. Staff will prepare this matter for discussion for the June 27, 2018 Audit Committee meeting.

DAVID LOW

**A BOARD MEETING** of the Oakland Police and Fire Retirement System ("PFRS") was held on June 27, 2018 in Hearing Room 3, One Frank Ogawa Plaza, Oakland, California.

- Board Members Present:
- Walter L. Johnson, President
  - Jaime T. Godfrey, Vice President
  - R. Steven Wilkinson, Member
  - John C. Speakman, Member
  - Robert J. Muszar, Member
  - Christine Daniel, Member

- Board Members Absent:
- Martin J. Melia, Member

- Additional Attendees:
- Pelayo Llamas, Jr., PFRS Legal Counsel
  - Katano Kasaine, Plan Administrator
  - David Low & Teir Jenkins, Staff Member
  - David Sancewich & Sean Copus, Pension Consulting Alliance

The meeting was called to order at 11:34 am. President Johnson re-ordered the discussion of the PFRS Board Agenda items.

**C. Approval of PFRS Board Meeting Minutes** – Member Godfrey made a motion to approve the April 25, 2018 PFRS Board meeting minutes, second by Member Daniel. Motion Passed.

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

**D. PFRS AUDIT COMMITTEE MEETING – JUNE 27, 2018**

**D1. Administrative Expenses Report** – Investment Officer Teir Jenkins presented the administrative expenses report from July 1, 2017 through April 30, 2018. Member Daniel made a motion to accept the administrative expenses report from July 1, 2017 through April 30, 2018, second by member Speakman. Motion passed.

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

**D2. Resolution No. 7019 - Resolution to write-off approximately \$52,925 in overpaid death-related PFRS member benefits** – Member Speakman summarized the Audit Committee discussion of this matter. Member Daniel added that there was additional staff and committee discussion regarding this write-off matter. Plan Administrator Katano Kasaine explained the current procedures established to prevent over-accumulation of such debt. Member Daniel made a motion to approve Resolution No. 7019 to write-off approximately \$52,925 in overpaid death-related PFRS member benefits as amended and recommended by the Audit Committee earlier today, second by member Speakman. Motion passed.

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

**D3. Discussion of the 2006 Management Audit of the PFRS System** – Member Speakman reported the audit committee discussed this matter and would bring this matter back for continued discussion at the August 2018 Audit Committee meeting.

**D4. PFRS Policy Governing the Overpayment or Underpayment of Member Benefits** – Member Muszar reported the audit committee discussed this matter and would bring this matter back for continued discussion at the August 2018 Audit Committee meeting.

**D5. Resolution No. 7013 - Travel Authorization for PFRS board member R. Steven Wilkinson** – Member Daniel made a motion to approve Resolution No. 7013 as amended and approved by the Audit Committee this morning – Travel authorization for PFRS Board members R. Steven Wilkinson, second by member Speakman. Member Wilkinson abstained from the vote. Motion passed.

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

**D6. Resolution No. 7018 - Travel Authorization for PFRS Board Member Martin Melia** – Member Muszar made a motion to approve Resolution No. 7018 – Travel authorization for PFRS Board members Martin Melia, second by member Daniel. Motion passed.

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

**E. PFRS INVESTMENT COMMITTEE MEETING – JUNE 27, 2018**

**E1. Investment Manager Overview – Reams Asset Management** – David Sancewich reported that Ream Asset Management presented a report to the PFRS Investment Committee. Member Godfrey made a motion accept the informational report regarding Reams Asset Management's presentation to the investment committee, second by member Daniel. Motion passed.

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

**E2. Investment Manager Overview – Reams Asset Management** – David Sancewich reported PCA overview of Reams Asset Management. Member Godfrey made a motion to keep Reams Asset Management on watch status with a follow-up review to be scheduled for early September for possible reconsideration, second by member Wilkinson. Motion passed.

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

**E3. Investment Market Overview** – David Sancewich report on current market conditions affecting the PFRS investment fund. Member Godfrey made a motion to accept the informational report from PCA regarding the Investment Market Overview, second by member Speakman. Motion passed.

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

- E4. \$14.2 million 3rd Quarter 2018 Member Benefits Drawdown** – Sean Copus from PCA report on the PFRS investment accounts which will be used to for the 3rd Quarter Member Benefits Drawdown with the \$11.2 million drawn from the City and \$3 million from the PFRS Fund. Member Godfrey made a motion to approve the \$14.2 million 3rd quarter 2018 member benefits drawdown, second by Member Daniel. Motion passed

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

- E5. Investment Fund Performance Report for the Quarter Ending March 31, 2018** – Sean Copus reported the details of the PFRS Investment Fund Performance Report for the quarter ending March 31, 2018. Following Board discussion, member Godfrey made a motion to approve the Investment Fund Performance Report for the Quarter Ending March 31, 2018, second by member Wilkinson. Motion passed.

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

- E6. Investment Fund Performance Report for the Quarter Ending March 31, 2018 Investment Manager Search – Defensive Equity Asset Class Investment Manager** – Sean Copus reported on the status of the PCA selection process for the Defensive Equity Investment Manager. Staff was directed to schedule the committee meeting for its report about the defensive equity asset class investment managers for the August meeting with Interview conducted at the September 2018 Investment Committee meeting. Member Godfrey made a motion to direct staff to schedule meetings for the selection of finalists and interview of finalists, second by member Muszar. Motion passed

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

- E7. Resolution No. 7017 - Resolution Adopting the Revised Oakland Police and Fire Retirement System Investment Policy** – David Sancewich reported that staff and PCA had completed its work to update the PFRS Investment Policy. Following Board discussion, Member Godfrey made a motion to approve Resolution No. 7017 to approve the adoption of the revised PFRS investment policy, second by member Wilkinson. Motion passed.

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

- A. Closed Session** – Sarah Grossman-Swenson, Legal counsel for the Retired Oakland Police Officers Association (“ROPOA”), alleged that the closed session about to be held today was not properly noticed under the Brown Act. PFRS Legal Counsel Pelayo Llamas showed her the published notice, and she agreed that the notice complied with the law. She then stated that ROPOA had made a settlement proposal to the Board, and it should be considered as an opening offer.

PFRS Legal Counsel Pelayo Llamas reported that PFRS Board Member Robert Muszar has a financial conflict related to matters to be heard in the closed session and asked Member Muszar if he would recuse himself from closed session proceedings. Mr. Muszar stated he would not recuse himself from the closed session of the PFRS Board at that time. Following additional Board and Staff discussion, the PFRS Board entered closed session at 12:07 pm.

**B. Report of Board Actions from Closed Session** – The PFRS Board reconvened the PFRS Board meeting following the conclusion of Closed Session at 1:12 pm. The PFRS Board reported no Board action was made during closed session.

**F. Police Holiday Pay Calculation matters** – Discussion on the police pay matter was continued to the September 2018 Board meeting by Board President Johnson. Speakers prepared to discuss this matter withdrew their requests for speaking on this matter. Member Daniel made a motion to continue this item to the September 2018 Board meeting, second by member Godfrey. Motion passed.

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

**G. Resolution No. 7014 – Approval of PFRS Rules and Regulations** – Member Muszar requested the Rules and Regulations be returned to the Audit Committee. Following some Board discussion, Member Muszar made a motion to approve Resolution No. 7014 including the edits recommended by the Audit Committee, second by member Daniel. Motion passed.

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

**H. Announcement of upcoming election of Five-year Police Board Member seat** – PFRS Staff reported the expiration of the Five-Year Police Board Member seat currently occupied by Mr. Muszar's will end August 31, 2018 and the Retired Oakland Police Officers Association had been notified of the upcoming election. Member Muszar made a motion to accept the informational report, second by member Daniel. Motion passed.

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

**I. Resolutions No. 7015-16** – The PFRS Board reviewed and approved Resolution No. 7015-16.

**I1. Approval of Resolutions No. 7015** – Member Muszar made a motion to approve resolution No. 7015 approving Death Benefit Payments and directing warrants thereunder in the total sum of \$1,000.00 payable to the beneficiaries of deceased members as follows: Ulla Lear, Theresa L. Tenorio, the Estate of Gerald H. Cohn, Elaine A. Kurlinski, Laurene A. Gruen, Heather Novak, Brett Mckay and Barry Mckay, second by member Speakman. Motion passed.

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

- 12. Approval of Resolutions No. 7016** – Member Muszar made a motion to approve resolution No. 7016 fixing the monthly allowance of Elizabeth Thompson, spouse of Steven Thompson; of Diana Kenton, spouse of Thomas Kenton; of Annette Brooks, spouse of Willie Brooks; of Joann Schoenweiler, spouse of Rolf Schoenweiler; and of Edith F. Brown, spouse of Robert E. Brown, retired members of the Police and Fire Retirement System, second by member Speakman. Motion passed.

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

**J. NEW BUSINESS** – No Report.

**K. OPEN FORUM** – No Report

**L. FUTURE SCHEDULING** – The next PFRS Board meeting was scheduled for Wednesday July 25, 2018. Plan Administrator asked Board members to contact PFRS Staff if they are running late for the committee or Board meetings.

The meeting adjourned at 1:24 pm.

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KATANO KASAINÉ, BOARD SECRETARY

DATE

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

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



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

# AGENDA

**AUDIT COMMITTEE MEMBERS**

**John C. Speakman**  
Chairman

**Christine Daniel**  
Member

**Robert J. Muszar**  
Member

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

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

**Wednesday, August 29, 2018 – 9:00 am**  
**One Frank H. Ogawa Plaza, Hearing Room 3**  
**Oakland, California 94612**

**--- ORDER OF BUSINESS ---**

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

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**Recommendation:** APPROVE June 27, 2018 Audit Committee meeting minutes.
- 2. **Subject:** Scope of Services and initiation of the Financial Audit of the PFRS fund for the Fiscal Year Ending June 30, 2018  
**From:** Macias Gini & O'Connell, LLP and Staff of the PFRS Board  

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**Recommendation:** RECOMMEND BOARD APPROVAL of the Scope of Services and initiation of the Financial Audit of the PFRS fund for the Fiscal Year Ending June 30, 2018.
- 3. **Subject:** Administrative Expenses Report  
**From:** Staff of the PFRS Board  

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**Recommendation:** ACCEPT an informational report regarding PFRS Administrative Expenses from July 1, 2017 through June 30, 2018.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
REGULAR AUDIT COMMITTEE MEETING  
AUGUST 29, 2018**

**ORDER OF BUSINESS, continued**

4. **Subject:** Resolution No. 7020 – Resolution to approve a two-year extension of the professional service agreement between the City of Oakland Police and Fire Retirement System Board and Cheiron, Inc. through June 30, 2020 at fees not to exceed \$45,500 for FY2018-2019 and \$46,500 for FY2019-2020
- From:** Staff of the PFRS Board
- 
- Recommendation:** **RECOMMEND BOARD APPROVAL** Resolution No. 7020 – Resolution to approve a two-year extension of the professional service agreement between the City of Oakland Police and Fire Retirement System Board and Cheiron, Inc. through June 30, 2020 at fees not to exceed \$45,500 for FY2018-2019 and \$46,500 for FY2019-2020.
5. **Subject:** **PFRS Policy Governing the Overpayment or Underpayment of Member Benefits**
- From:** Staff of the PFRS Board
- 
- Recommendation:** **DISCUSSION** regarding PFRS Policy Governing the Overpayment or Underpayment of Member Benefits.
6. **Subject:** **Discussion of the 2006 Management Audit of the PFRS System**
- From:** Staff of the PFRS Board
- 
- Recommendation:** **DISCUSSION** of the 2006 Management Audit of the PFRS System.
7. **REVIEW OF PENDING AUDIT AGENDA ITEMS**
8. **Future Scheduling**
9. **Open Forum**
10. **Adjournment of Meeting**



# AGENDA REPORT

**TO:** Oakland Police and Fire Retirement Board

**FROM:** Katano Kasaine

**SUBJECT:** Audit Committee Agenda Pending List

**DATE:** August 20, 2018

	<b>SUBJECT</b>	<b>PROPOSED SCHEDULED MEETINGS</b>	<b>STATUS</b>
1	City of Oakland Travel Insurance for PFRS Board Member Travel on Board Business	9/26/18	Pending Cost Analysis from City Broker
2	Plan Administrator Status Report regarding status of request to City Administrator to set up Working Group to Address Actuarial Funding date of July 1, 2026.	VERBAL	Pending reply from City Administrator

Respectfully submitted,

Katano Kasaine, Plan Administrator  
Oakland Police and Fire Retirement System

**PFRS Audit/Operations Committee Meeting Minutes**  
**August 29, 2018**  
**Page 1 of 3**

**AN AUDIT/OPERATIONS COMMITTEE MEETING** of the Oakland Police and Fire Retirement System ("PFRS") was held on Wednesday, August 29, 2018 in Hearing Room 3, One Frank Ogawa Plaza, Oakland, California.

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

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

The meeting was called to order at 9:05 am.

1. **PFRS Audit Committee Meeting Minutes** – Member Muszar made a motion to approve the June 27, 2018 Audit Committee meeting minutes, second by Member Daniel. Motion passed.

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

2. **Scope of Services and Initiation of the Financial Audit of the PFRS system for the year ended June 30, 2018** – Annie Louie from Macias Gini and O'Connell, LLP, reported details of the upcoming financial audit of the PFRS Fund. Following some committee and staff discussion, member Muszar made a motion to recommend Board approval of the Scope of Services and initiation of the Financial Audit of the PFRS Fund for the year ended June 30, 2018, second by member Daniel. Motion passed.

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

3. **Administrative Expenses Report** – Investment Officer Teir Jenkins presented the administrative expenses report from July 1, 2017 through June 30, 2018. Following some committee and staff discussion, member Muszar made a motion to accept the administrative expenses report from July 1, 2017 through June 30, 2018, second by member Daniel. Motion passed.

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

4. **Resolution No. 7020 – Resolution to approve a two-year extension of the professional service agreement between the City of Oakland Police and Fire Retirement System Board and Cheiron, Inc.** – Staff reported that the service agreement between the PFRS Board and Cheiron Inc had expired and recommended a two-year extension of the service agreement through June 30, 2020. Following Committee and Staff discussion, Member Daniel made a motion to recommend Board approval of Resolution No. 7020 – A resolution to approve a two-year extension of the professional service agreement between the City of Oakland Police and Fire Retirement System Board and Cheiron, Inc. through June 30, 2020 at fees not to exceed \$45,500 for FY2018-2019 and \$46,500 for FY2019-2020, second by member Muszar. Motion passed.

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

PFRS Audit/Operations Committee Meeting Minutes

August 29, 2018

Page 2 of 3

5. **PFRS Policy Governing the Overpayment or Underpayment of Member Benefits** – Member Muszar noted that the documents included as attachment 1 and 2 were identical. He said attachment 2 should have been his submitted recommendations regarding the PFRS Policy Governing the Overpayment or Underpayment of Member Benefits. Member Muszar recommended that this matter be held over until the September 2018 Audit Committee meeting for discussion. Following additional committee discussion, member Muszar made a motion to postpone discussion on this matter until the September 2018 Audit Committee meeting, second by member Daniel. Motion passed.

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

6. **Discussion of the 2006 Management Audit of the PFRS System** – The Audit Committee and staff continued discussion regarding consideration of conducting a management audit of the PFRS system from the previous Audit Committee meeting. The Committee and staff discussed whether to include or exclude the examination of the investment-related aspects of the management audit in the new audit. **MOTION:** Member Muszar made a motion to recommend Board approval for a draft Request for Proposal (RFP) to request service for a management audit limited to verification of operational issues addressed in the previous management audit; there was no second to this motion and it failed.

**MOTION:** Following some discussion between the committee and staff, member Muszar made a motion to recommend that the Board act to authorize the audit committee to develop a management audit limited in scope to examining the operational issues covered in the previous management audit, second by member Daniel. Motion passed.

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

7. **Pending Audit Agenda List** – Staff and Audit Committee discussed the pending items list.
8. **Future Scheduling** – The next Audit Committee meetings was scheduled for September 26, 2018. Member Muszar made a motion directing staff to add an additional agenda item to a future audit agenda item addressing the development of hearing procedures, second by member Daniel. Motion passed.

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

Member Muszar wanted to add an agenda item to the audit committee agenda to have a dialogue regarding sensitive personal information at public meetings. Following some Committee discussion, Member Daniel suggested to PFRS legal counsel provide information on this matter when presenting information about hearing procedures at the upcoming meeting.

9. **Open Forum** – No Report.

10. **Meeting Adjournment** – Meeting adjourned at 9:48 am.

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**JOHN C. SPEAKMAN, COMMITTEE CHAIRMAN**

**DATE**



# AGENDA REPORT

**TO:** Oakland Police and Fire  
Retirement Board

**FROM:** Katano Kasaine

**SUBJECT:** Audit Committee Agenda Pending List

**DATE:** September 17, 2018

	<b>SUBJECT</b>	<b>PROPOSED SCHEDULED MEETINGS</b>	<b>STATUS</b>
1	City of Oakland Travel Insurance for PFRS Board Member Travel on Board Business	10/31/18	Pending Cost Analysis from City Broker
2	Plan Administrator Status Report regarding status of request to City Administrator to set up Working Group to Address Actuarial Funding date of July 1, 2026.	VERBAL	Meetings being scheduled in October 2018
3	Discussion about Hearing Procedures and procedures to address sensitive personal information at public meetings.	10/31/18	Report to be developed by PFRS Legal Counsel

Respectfully submitted,

Katano Kasaine, Plan Administrator  
Oakland Police and Fire Retirement System

PFRS Audit Committee Meeting  
September 26, 2018



# AGENDA REPORT

**TO:** Oakland Police and Fire Retirement Board

**FROM:** David Jones  
Plan Administrator

**SUBJECT:** Audit Committee Agenda Pending List

**DATE:** October 22, 2018

	<b>SUBJECT</b>	<b>PROPOSED SCHEDULED MEETINGS</b>	<b>STATUS</b>
1	City of Oakland Travel Insurance for PFRS Board Member Travel on Board Business	VERBAL	Pending additional research
2	Procedures Addressing (1) Board Hearings and (2) Sensitive Personal Information at public meetings	November 2018	Continuing to Prepare Report
2	Plan Administrator Status Report regarding status of request to City Administrator to set up Working Group to Address Actuarial Funding date of July 1, 2026	VERBAL	Meetings are Ongoing

Respectfully submitted,

David Jones, Plan Administrator  
Oakland Police and Fire Retirement System



CITY OF OAKLAND

# AGENDA REPORT

**TO:** Oakland Police and Fire  
Retirement Board

**FROM:** David Jones  
Plan Administrator

**SUBJECT:** Audit Committee Agenda Pending List

**DATE:** November 19, 2018

	<b>SUBJECT</b>	<b>PROPOSED SCHEDULED MEETINGS</b>	<b>STATUS</b>
1	Plan Administrator Status Report regarding status of request to City Administrator to set up Working Group to Address Actuarial Funding date of July 1, 2026	VERBAL	Meetings are Ongoing
2	Procedures Addressing (1) Board Hearings and (2) Sensitive Personal Information at public meetings	12/19/2018	To Be scheduled for December 2018 Meeting

Respectfully submitted,

David Jones, Plan Administrator  
Oakland Police and Fire Retirement System

PFRS Audit Committee Meeting  
November 28, 2018



# AGENDA REPORT

**TO:** Oakland Police and Fire  
Retirement Board

**FROM:** David Jones  
Plan Administrator

**SUBJECT:** Audit Committee Agenda Pending List

**DATE:** December 10, 2018

	<b>SUBJECT</b>	<b>PROPOSED SCHEDULED MEETINGS</b>	<b>STATUS</b>
1	Plan Administrator Status Report regarding status of request to City Administrator to set up Working Group to Address Actuarial Funding date of July 1, 2026	VERBAL	Meetings are Ongoing
2	Procedures Addressing (1) Board Hearings and (2) Sensitive Personal Information at public meetings	01/30/2019	To Be scheduled for January 2019 Meeting
3	PFRS Policy Governing the Overpayment or Underpayment of Member Benefits	01/30/2019	To Be scheduled for January 2019 Meeting

Respectfully submitted,

David Jones, Plan Administrator  
Oakland Police and Fire Retirement System

PFRS Audit Committee Meeting  
December 19, 2018



# AGENDA REPORT

**TO:** Oakland Police and Fire  
Retirement Board

**FROM:** David Jones  
Plan Administrator

**SUBJECT:** Audit Committee Agenda Pending List

**DATE:** January 22, 2019

	<b>SUBJECT</b>	<b>PROPOSED SCHEDULED MEETINGS</b>	<b>STATUS</b>
1	Plan Administrator Status Report regarding status of request to City Administrator to set up Working Group to Address Actuarial Funding date of July 1, 2026	VERBAL	Meetings are Ongoing
2	Procedures Addressing (1) Board Hearings and (2) Sensitive Personal Information at public meetings	02/27/2019	
3	PFRS Actuary Valuation as of July 1, 2018	02/27/2019	
4	Discussion of the 2006 Management Audit of the PFRS System	03/27/2019	

Respectfully submitted,

David Jones, Plan Administrator  
Oakland Police and Fire Retirement System

PFRS Audit Committee Meeting  
January 30, 2019



## AGENDA REPORT

**TO:** Oakland Police and Fire Retirement System Board      **FROM:** David Jones

**SUBJECT:** Report on closed session hearings concerning change of retirement classification or cause of death      **DATE:** February 19, 2019

### SUMMARY

The Board has requested a report on whether hearings concerning member requests for change of retirement status or cause of a member's death can be conducted in closed session. Because meetings of the PFRS Board are to be held in public in compliance with the Ralph M. Brown Act, the evidence which the Board considers in making a quasi-adjudicatory decision should likewise be open to the public. The Brown Act specifies certain types of matters which can be conducted in a closed session meeting. Because there is no clear authority to conduct these types of hearings in closed session, PFRS staff proposes that they conduct the initial presentation of evidence through a Hearing Officer. If later brought to the Board under section 2603 of the Charter, the Board will serve as an appellate review body in open session, and review whether the Hearing Officer's decision is supported by substantial evidence or constitutes an abuse of discretion.

### BACKGROUND

A PFRS retiree may seek a change of their retirement classification (from service retirement to disability or from non-service caused disability to service-caused disability). In addition, a retiree's widow may seek a Board finding that a member's death was caused by an injury or condition arising from the member's performance of service, qualifying the widow for a full-continuance. These inquiries often involve consideration of highly personal evidence about the member's medical or psychological condition. PFRS staff is concerned about avoiding undue exposure of such personal information during the course of a Board hearing on making these determinations.

### ANALYSIS

Meetings of the PFRS Board are conducted in accordance with the state open meeting law known as the Ralph M. Brown Act (Gov. Code §§5490 – 54962). According to the Act, closed session meetings may be held when the subject matter to be considered fits certain criteria. Although PFRS would like to avoid public disclosure of highly personal medical or

**OAKLAND POLICE & FIRE RETIREMENT SYSTEM**

**AGENDA REPORT** – Report on closed session hearings concerning change of retirement classification or cause of death

February 19, 2019

PAGE 2

psychological information about a member, the Brown Act does not permit<sup>1</sup> the Board to convene in closed session to consider changing his retirement classification, or finding a member's cause of death. If the personal information is necessary to support a decision one way or the other, it must be presented to the fact-finder for consideration. When the fact finder is the Board, the information must be presented in an open meeting.

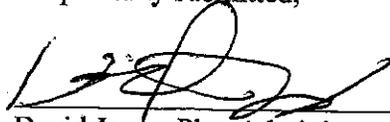
When the fact-finder is a hearing officer, there is no requirement that the hearing be conducted in public. Examination and cross examination of witnesses, and the weighing of evidence in these kind of hearings may be conducted by a hearing officer, who will then issue a decision and recommendation, and inform the retiree or widow. If the retiree or widow contests the decision, then it can be brought as an appeal to the PFRS Board under Charter Section 2603. At that time, the essential evidence should be presented to the Board for consideration. The retiree is always able to present any personal information to the Board.

**CONCLUSION**

Staff recommends that the Board approve the use of a Hearing Officer to conduct the evidentiary review of the member's sensitive medical or psychological condition. Staff further recommends that the Plan Administrator be appointed as the Plan's Hearing Officer. Upon review of the material in addition to a recommendation from the City Physician, the Hearing Officer will issue the initial decision and communicate directly with the member or widow. If the member or widow disagrees with that decision, then the member or widow may appeal that decision to the PFRS Board under section 2603 of the Charter.

In approved, staff will update the Board's Rules and Regulation, adding Hearing Officer to the duties of the Plan Administrator. In addition, staff would update their internal procedures to incorporate the use of a hearing officer to conduct the evidentiary review and issue a decision and recommendation.

Respectfully submitted,



David Jones, Plan Administrator  
Oakland Police and Fire Retirement System

Attachments (if any):

<sup>1</sup> A 1982 Attorney General Opinion (65 Ops. Cal. Atty. Gen 412) concluded that the Brown Act did not supercede a provision of the County Employees Retirement Act which allowed retirement boards to examine member medical records in closed session concerning disability. However, a subsequent 2005 Attorney General Opinion (Opinion No. 04-408 Chesbro, 88 Ops. Cal. Atty. Gen 16) concluded its prior opinion was no longer valid due to changes in the laws. However, the 2005 opinion found that the "personnel" exception to the Brown Act allows a retirement board to meet in closed session to consider medical records of an employee's application for disability retirement. However, there is no case law extending the definition of "employee" to include a retiree, much less a deceased retiree.



# AGENDA REPORT

**TO:** Oakland Police and Fire Retirement Board

**FROM:** David Jones  
Plan Administrator

**SUBJECT:** Audit Committee Agenda Pending List

**DATE:** February 19, 2019

	SUBJECT	TENTATIVE SCHEDULED MTG DATE	STATUS
1	Plan Administrator Status Report regarding status of request to City Administrator to set up Working Group to Address Actuarial Funding date of July 1, 2026	VERBAL	Meetings are Ongoing
2	Discussion of the 2006 Management Audit of the PFRS System	04/24/2019	
3	PFRS Policy Governing the Overpayment or Underpayment of Member Benefits	03/27/2019	

Respectfully submitted,

David Jones, Plan Administrator  
Oakland Police and Fire Retirement System



# MEMORANDUM

**TO:** Oakland Police & Fire  
Retirement Board

**FROM:** David Jones

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

**DATE:** July 22, 2019

**Jennifer Logue**, Legal Counsel 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 individual to be reimbursed.

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

Travel / Education Event: 2019 CALAPRS Attorneys' Roundtable

Event Location: Hilton Oakland Airport, Oakland, CA

Event Date: September 20, 2019

Estimated Event Expense\*: \$ 125.00

Notes: \_\_\_\_\_

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

Respectfully submitted,

David Jones, Plan Administrator  
Oakland Police and Fire Retirement System

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

Attachments (if any):  
Resolution #7064





# AGENDA REPORT

**TO:** Oakland Police and Fire  
Retirement Board

**FROM:** David Jones

**SUBJECT:** 2006 Management Audit of the PFRS  
administration

**DATE:** July 22, 2019

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## BACKGROUND

At the April 24, 2019 Audit Committee meeting, the Audit Committee continued a discussion about conducting a modified Management Audit of the PFRS system which was previously conducted by the consulting firm Independent Fiduciary Services, Inc. (“IFS”) in 2006. The Audit Committee discussed whether to conduct a new management audit and forwarded the discussion to the full Board. Following Board discussion at the April 24, 2019 meeting of the PFRS Full Board, President Johnson directed this matter be returned to the Audit Committee for continued discussion. President Johnson recommend PFRS staff and the Audit Committee work together to the following information before returning the matter to the Board:

1. provide the scope of the previous management audit;
2. provide a cost of the previous management audit; and
3. provide the findings of the previous management audit.

At the May 29, 2019 Audit Committee meeting, the Audit Committee discussed whether to conduct a new management audit and forwarded the discussion to the full Board. Following Audit Committee discussion, the Audit Committee directed staff to find the original engagement letter submitted by IFS in 2005 which further refined the scope of services provided by IFS for the 2006 Management Audit. The Audit Committee said this discussion on this matter would be continued at the July 2019 Audit Committee meeting.

## SUMMARY

Pursuant to the request of the PFRS Board, staff has searched internal files for all document related to the 2006 management audit. Staff has collected for its review the following documents: An excerpt from the original 2004 Request for Information for Management / Governance audit services which defined the initial scope of work/services for this service (**ATTACHMENT 1**); the professional services agreement between the City of Oakland and Independent Fiduciary Services (which includes Schedule A: Scope of Services) (**ATTACHMENT 2**); the August 8, 2005 letter detailing proposed additional tasks to be performed and the resulting fee adjustment

PFRS Board Meeting  
July 31, 2019

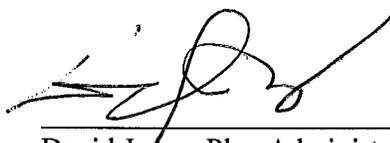
(and its September 5, 2005 revision) (**ATTACHMENT 3**); the December 16, 2005 memo from IFS to PFRS Staff detailing the review methodology and process to conduct the management audit (**ATTACHMENT 4**); and a list of documents and data needed to commence the review and evaluation for the management audit (**ATTACHMENT 5**).

Additionally, staff has included its completion reports for Operational management (**ATTACHMENT 6**) and Investment/Financial management (**ATTACHMENT 7**), reporting that all itemized work was satisfactorily completed at the time of each reporting to the PFRS Board.

## **RECOMMENDATION**

Staff recommends the PFRS Board accept the Informational Report regarding the 2006 Management Audit.

Respectfully submitted,



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David Jones, Plan Administrator  
Oakland Police and Fire Retirement System

### Attachments (7):

1. *Excerpt from Request for Information, Management/Governance Audit Services from December 1, 2004 showing scope of work/services.*
2. *Professional Services Agreement between Independent Fiduciary Services (IFS) and the City of Oakland (including Schedule A: Scope of Services).*
3. *August 8, 2005 letter detailing proposed additional tasks to be performed and the resulting fee adjustment (and its September 5, 2005 revision).*
4. *December 16, 2005 memo from IFS to PFRS Staff detailing the review methodology and process to conduct the management audit.*
5. *list of documents and data needed to commence the review and evaluation for the management audit.*
6. *Completion Reports of Administrative Audit Task Matrix Submitted to the PFRS Board by the Audit Committee on May 26, 2010.*
7. *Completion Reports of Administrative Audit Task Matrix Submitted to the Investment Committee on May 18, 2011.*

# **ATTACHMENT 1**

City of Oakland  
Police and Fire Retirement System  
Request for Information  
Management/Governance Audit Services

December 1, 2004

# SCOPE OF WORK

## 1. Identification of Responsibilities

- Are the responsibilities for the governing body (PFRS Board), administrative staff, and the plan sponsor clearly identified?
- Is there a clear identification and assignment of operation and oversight responsibilities (Board, internal staff and external experts)?
- Is the structure adequate to meet the needs of the system for carrying out its mission in the following areas: collection of contribution, record keeping, benefit payments, asset-liability management, asset management, and reporting?

## 2. Governing Body

- What is the role of the governing body (PFRS Board) in the administration of PFRS?
- Does the governing body have complete authority over the administration of all operations and oversight responsibilities of the PFRS pension fund?
- Does the governing body select and compensate internal staff with operational responsibilities and external service providers (money managers, actuaries, custodians, auditors, etc)?
- Is it in compliance with the charter and other regulating policies (California Pension Protection Act)?

## 3. Accountability

- Does the governing body hold regular meetings and keep records of such?
- Does the PFRS Board utilize established criteria in its decision making process?
- Is there appropriate disclosure of the decisions reached in the meeting of the governing body to plan members and beneficiaries?
- Are the actions/decisions of the PFRS Board reported?
- Is the selection process for members of governing body transparent? Does this process meet the requirements of the Charter and other associated regulations?
- Is there an appropriate succession planning process?

## 4. Expert Advice

- Does the governing body seek and employ the use of independent experts in the following areas: Investment Consultant, Actuary, Custodian, Auditor, and Legal Representation?

## 5. Suitability

- Are the members of the governing body suitable to serve on the PFRS board? (Specifically, they have not been convicted of fraud, or other criminal offences, gross mismanagement of a pension fund or personal bankruptcy).
- Develop a list of comparable pension funds base on number of members and total amount of fund assets. Survey the selected pension funds to determine pertinent policies and procedure, performance characteristics and other such relevant information.

- Review the administrative costs of operating the pension system including internal administrative costs and City overhead charges levied against the pension fund. Compare these costs to comparable pension funds. Evaluate the cost effectiveness of existing administrative structure, policies, and procedures.

## **6. Internal Controls**

- Are appropriate internal controls in place?
- Regular assessment of the performance of the persons and entities involved in the operation and oversight of the pension fund.
- Regular review of compensation mechanisms, in order to ensure that they provide the correct incentives for those responsible for the operation and oversight of the pension fund.
- Regular review of information processes, operational software systems, and accounting and financial reporting systems.
- Identification, monitoring and where necessary, correction of conflicts of interest situations.
- Mechanisms to sanction the improper use of privileged information
- Implementation of an adequate risk measurement and management system including effective internal audit.
- Regular assessment of regulatory compliance systems.
- The establishment of objective performance measures for all persons and entities involved in the administration of the PFRS fund.

## **7. Reporting**

- Are reporting channels established between all persons and entities involved in the administration of the PFRS fund in order to ensure the effective and timely transmission of relevant and accurate information?
- Does the PFRS fund comply with federal and state reporting requirement?
- Are audit, actuary, and financial reports completed annually or as required?

## **8. Disclosure**

- Does the governing body disclose relevant information to all parties in a clear, accurate, and timely manner?

## **9. Investment Analysis**

- Review investment policies, procedures, and periodic reporting to the PFRS Board. Determine if the investment portfolio complies with the City Charter and Board investment policy. Compare investment performance with other California city and county public pension funds. Calculate annual investment cost as a percent of annual investment purchases and compare to other funds. (Note: Staff suggests that our Investment Consultant has the ability and resources to complete this task).

# **ATTACHMENT 2**

**PROFESSIONAL OR SPECIALIZED SERVICE AGREEMENT  
BETWEEN THE CITY OF OAKLAND  
AND INDEPENDENT FIDUCIARY SERVICES (IFS)**

Whereas, the City Council has authorized the City Administrator to enter into contracts for professional or specialized services if the mandates of Oakland City Charter Section 902(e) have been met.

Now therefore the parties to this Agreement covenant as follows:

1. Parties and Effective Date

This Agreement is made and entered into as of August 22, 2005 between the City of Oakland, a municipal corporation, ("City"), One Frank H. Ogawa Plaza, Oakland, California 94612, and Independent Fiduciary Services (IFS), ("Contractor")

2. Scope of Services

Contractor agrees to perform the services specified in **Schedule A** attached to this Agreement and incorporated herein by reference. Contractor shall designate an individual who shall be responsible for communications with the City for the duration of this Agreement. **Schedule A** includes the manner of payment. The Project Manager for the City shall be Steven M. Harding, CPA, Sr. Vice President.

3. Time of Performance

Contractor's services shall begin on August 22, 2005 and shall be completed by January 31, 2006.

4. Compensation and Method of Payment

Contractor will be paid for performance of the entire scope of work set forth in **Schedule A** an amount not to exceed \$127,500. Payment at the **rates** stated in **Schedule A**, shall be due upon completion and acceptance of the **services**, at which time Contractor shall submit an invoice. Invoices shall state a description of the **services** completed and the amount due.

5. Independent Contractor

a. Rights and Responsibilities

It is expressly agreed that in the performance of the services necessary to carry out this Agreement, Contractor shall be, and is, an independent contractor, and is not an employee of the City. Contractor has and shall retain the right to exercise full control and supervision of the services, and full control over the employment, direction, compensation and discharge of all persons assisting Contractor in the

performance of Contractor's services hereunder. Contractor shall be solely responsible for all matters relating to the payment of his/her employees, including compliance with social security, withholding and all other regulations governing such matters, and shall be solely responsible for Contractor's own acts and those of Contractor's subordinates and employees. Contractor will determine the method, details and means of performing the services described in **Schedule A**.

b. Contractor's Qualifications

Contractor represents that Contractor has the qualifications and skills necessary to perform the services under this Agreement in a competent and professional manner without the advice or direction of The City. This means Contractor is able to fulfill the requirements of this Agreement. Failure to perform all of the services required under this Agreement will constitute a material breach of the Agreement and may be cause for termination of the Agreement. Contractor has complete and sole discretion for the manner in which the work under this Agreement is performed. Prior to execution of this agreement, Contractor shall complete **Schedule M** ("Independent Contractor Questionnaire"), attached hereto.

c. Payment of Income Taxes

Contractor is responsible for paying, when due, all income taxes, including estimated taxes, incurred as a result of the compensation paid by the City to Contractor for services under this Agreement. On request, Contractor will provide the City with proof of timely payment. Contractor agrees to indemnify the City for any claims, costs, losses, fees, penalties, interest or damages suffered by the City resulting from Contractor's failure to comply with this provision.

d. Non-Exclusive Relationship

Contractor may perform services for, and contract with, as many additional clients, persons or companies as Contractor, in his or her sole discretion, sees fit.

e. Tools, Materials and Equipment

Contractor will supply all tools, materials and equipment required to perform the services under this Agreement.

f. Cooperation of the City

The City agrees to comply with all reasonable requests of Contractor necessary to the performance of Contractor's duties under this Agreement.

g. Extra Work

Contractor will do no extra work under this Agreement without first receiving prior written authorization from the City.

6. Proprietary of Confidential Information of the City

Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by the City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to the City. Contractor agrees that all information disclosed by the City to Contractor shall be held in confidence and used only in performance of the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

7. Ownership of Results

Any interest of Contractor or its Subcontractors, in specifications, studies, reports, memoranda, computation documents prepared by Contractor or its Subcontractors in drawings, plans, sheets or other connection with services to be performed under this Agreement shall be assigned and transmitted to the City. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

8. Copyright

Contractor shall execute appropriate documents to assign to the City the copyright to works created pursuant to this Agreement.

9. Audit

Contractor shall maintain (a) a full set of accounting records in accordance with generally accepted accounting principles and procedures for all funds received under this Agreement; and (b) full and complete documentation of performance related matters such as benchmarks and deliverables associated with this Agreement.

Contractor shall (a) permit the City to have access to those records for the purpose of making an audit, examination or review of financial and performance data pertaining to this Agreement; and (b) maintain such records for a period of four years following the last fiscal year during which the City paid an invoice to Contractor under this Agreement.

10. Agents/Brokers

Contractor warrants that Contractor has not employed or retained any subcontractor, agent, company or person other than bona fide, full-time employees of Contractor working solely for Contractor, to solicit or secure this Agreement, and that Contractor has not paid or agreed to pay any subcontractor, agent, company or persons other than bona fide employees any fee, commission, percentage, gifts or any other consideration, contingent upon or resulting from the award of this Agreement. For breach or violation of this warranty, the City shall have the right to rescind this Agreement without liability or, in its discretion, to

deduct from the Agreement price or consideration, or otherwise recover, the full amount of such fee, commission, percentage or gift.

11. Assignment

Contractor shall not assign or otherwise transfer any rights, duties, obligations or interest in this Agreement or arising hereunder to any person, persons, entity or entities whatsoever without the prior written consent of the City and any attempt to assign or transfer without such prior written consent shall be void. Consent to any single assignment or transfer shall not constitute consent to any further assignment or transfer.

12. Publicity

Any publicity generated by Contractor for the project funded pursuant to this Agreement, during the term of this Agreement or for one year thereafter, will make reference to the contribution of the City of Oakland in making the project possible. The words "City of Oakland" will be explicitly stated in all pieces of publicity, including but not limited to flyers, press releases, posters, brochures, public service announcements, interviews and newspaper articles.

City staff will be available whenever possible at the request of Contractor to assist Contractor in generating publicity for the project funded pursuant to this Agreement. Contractor further agrees to cooperate with authorized City officials and staff in any City-generated publicity or promotional activities undertaken with respect to this project.

13. Title of Property

Title to all property, real and personal, acquired by the Contractor from City funds shall vest in the name of the City of Oakland and shall be accounted for by means of a formal set of property records. The Contractor shall, upon expiration or termination of this Agreement, deliver to the City all of said property and documents evidencing title to same. In the case of lost or stolen items or equipment, the Contractor shall immediately notify the Police Department, obtain a written police report and notify the City in accordance with "Notice" section of this Agreement.

14. Conflict of Interest

a. Contractor

The following protections against conflict of interest will be upheld:

- i. Contractor certifies that no member of, or delegate to the Congress of the United States shall be permitted to share or take part in this Agreement or in any benefit arising therefrom.
- ii. Contractor certifies that no member, officer, or employee of the City or its designees or agents, and no other public official of the City who exercises any functions or responsibilities with respect to the programs or projects

covered by this Agreement, shall have any interest, direct or indirect in this Agreement, or in its proceeds during his/her tenure or for one year thereafter.

- iii. Contractor shall immediately notify the City of any real or possible conflict of interest between work performed for the City and for other clients served by Contractor.
- iv. Contractor warrants and represents, to the best of its present knowledge, that no public official or employee of City who has been involved in the making of this Agreement, or who is a member of a City board or commission which has been involved in the making of this Agreement whether in an advisory or decision-making capacity, has or will receive a direct or indirect financial interest in this Agreement in violation of the rules contained in California Government Code Section 1090 et seq., pertaining to conflicts of interest in public contracting. Contractor shall exercise due diligence to ensure that no such official will receive such an interest.
- v. Contractor further warrants and represents, to the best of its present knowledge and excepting any written disclosures as to these matters already made by Contractor to City, that (1) no public official of City who has participated in decision-making concerning this Agreement or has used his or her official position to influence decisions regarding this Agreement, has an economic interest in Contractor or this Agreement, and (2) this Agreement will not have a direct or indirect financial effect on said official, the official's spouse or dependent children, or any of the official's economic interests. For purposes of this paragraph, an official is deemed to have an "economic interest" in any (a) for-profit business entity in which the official has a direct or indirect investment worth \$2,000 or more, (b) any real property in which the official has a direct or indirect interest worth \$2,000 or more, (c) any for-profit business entity in which the official is a director, officer, partner, trustee, employee or manager, or (d) any source of income or donors of gifts to the official (including nonprofit entities) if the income or value of the gift totaled more than \$500 the previous year. Contractor agrees to promptly disclose to City in writing any information it may receive concerning any such potential conflict of interest. Contractor's attention is directed to the conflict of interest rules applicable to governmental decision-making contained in the Political Reform Act (California Government Code Section 87100 et seq.) and its implementing regulations (California Code of Regulations, Title 2, Section 18700 et seq.).
- vi. Contractor understands that in some cases Contractor or persons associated with Contractor may be deemed a "city officer" or "public official" for purposes of the conflict of interest provisions of Government Code Section 1090 and/or the Political Reform Act. Contractor further understands that, as a public officer or official, Contractor or persons associated with Contractor may be disqualified from future City contracts

to the extent that Contractor is involved in any aspect of the making of that future contract (including preparing plans and specifications or performing design work or feasibility studies for that contract) through its work under this Agreement.

- vii. Contractor shall incorporate or cause to be incorporated into all subcontracts for work to be performed under this Agreement a provision governing conflict of interest in substantially the same form set forth herein.

b. No Waiver

Nothing herein is intended to waive any applicable federal, state or local conflict of interest law or regulation

c. Remedies and Sanctions

In addition to the rights and remedies otherwise available to the City under this Agreement and under federal, state and local law, Contractor understands and agrees that, if the City reasonably determines that Contractor has failed to make a good faith effort to avoid an improper conflict of interest situation or is responsible for the conflict situation, the City may (1) suspend payments under this Agreement, (2) terminate this Agreement, (3) require reimbursement by Contractor to the City of any amounts disbursed under this Agreement. In addition, the City may suspend payments or terminate this Agreement whether or not Contractor is responsible for the conflict of interest situation.

15. Non-Discrimination/Equal Employment Practices

Contractor shall not discriminate or permit discrimination against any person or group of persons in any manner prohibited by federal, state or local laws. During the performance of this Agreement, Contractor agrees as follows:

- a. Contractor and Contractor's subcontractors, if any, shall not discriminate against any employee or applicant for employment because of age, marital status, religion, gender, sexual preference, race, creed, color, national origin, Acquired-Immune Deficiency Syndrome (AIDS), AIDS-Related Complex (ARC) or disability. This nondiscrimination policy shall include, but not be limited to, the following: employment, upgrading, failure to promote, demotion or transfer, recruitment advertising, layoffs, termination, rates of pay or other forms of compensation, and selection for training, including apprenticeship.
- b. Contractor and Contractor's Subcontractors shall state in all solicitations or advertisements for employees placed by or on behalf of Contractor that all qualified applicants will receive consideration for employment without regard to age, marital status, religion, gender, sexual preference, race, creed, color, national origin, Acquired-Immune Deficiency Syndrome (AIDS), AIDS-Related Complex (ARC) or disability.

- c. Contractor shall make its goods, services, and facilities accessible to people with disabilities and shall verify compliance with the Americans with Disabilities Act by executing **Schedule C-1** (“Declaration of Compliance with the Americans with Disabilities Act,”) attached hereto and incorporated herein.
- d. If applicable, Contractor will send to each labor union or representative of workers with whom Contractor has a collective bargaining agreement or contract or understanding, a notice advising the labor union or workers’ representative of Contractor’s commitments under this nondiscrimination clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment.

16. Local and Small Local Business Enterprise Program (L/SLBE)

- a. *Requirement* - There is a twenty percent (20%) minimum participation requirement for all professional services contracts of \$50,000 or more. Contractors shall comply with the twenty percent (20%) local business participation requirement at a rate of ten percent (10%) local and 10% small local business participation. The requirement may be satisfied by a certified prime consultant and/or sub-consultant(s) or a small local certified firm may meet the twenty percent requirement. A business must be certified by the City of Oakland in order to earn credit toward meeting the twenty percent requirement.
- b. *Good Faith Effort* - In light of the twenty percent requirement, good faith effort documentation is not necessary.
- c. *Incentives* – Upon satisfying the twenty percent requirement, a consultant will earn two (2) preference points. Three additional preference points may be earned at a rate of one point for every additional ten percent participation up to fifty percent participation of the total contract dollars attributable to local certified firms.
- d. *Banking* – The City will allow banking of credits for L/SLBE participation that exceeds fifty percent (50%) on a City funded project and will allow consultants to accumulate credits for hiring certified local businesses and certified small local businesses on non-city funded projects within a year of the City funded project. Banked credits will count toward achieving a bid discount or preference points (up to 2%) on a City contract. The ability of firms to bank credits or hours on non-City projects will not be retroactive. Consultants will have one year to apply credits. A certificate validating banked credits must be issued by the City prior to the submittal or bid date.
- e. *The Exit Report and Affidavit (ERA)* – This report declares the level of participation achieved and will be used to calculate banked credits. The prime consultant must complete the Exit Report and Affidavit for, and have it executed by, each L/SLBE sub consultant and submitted to the City Administrator’s Office of Contract Compliance & Employment Services along with a *copy* of the final progress payment application.

- f. *Joint Venture and Mentor Protégé Agreements.* If a prime contractor or prime consultant is able to develop a Joint Venture or “Mentor-Protégé” relationship with a certified LBE or SLBE, the mentor or Joint Venture partners will enjoy the benefit of credits against the participation requirement. In order to earn credit for Joint Venture or Mentor-Protégé relationships, the Agreement must be submitted for approval to Contract Compliance and Employment Services prior to the project bid date for construction, and by proposal due date for professional services contracts. Joint Venture Applications and elements of City approved Mentor Protégé relation are available upon request .
- g. Contractor shall submit information concerning the ownership and workforce composition of Contractor’s firm as well as its subcontractors and suppliers, by completing **Schedule E** (“Project Consultant Team”), attached and incorporated herein and made a part of this Agreement.
- h. All affirmative action efforts of Contractor are subject to tracking by the City. This information or data shall be used for statistical purposes only. All contractors are required to provide data regarding the make-up of their subcontractors and agents who will perform City contracts, including the race and gender of each employee and/or contractor and his or her job title or function and the methodology used by Contractor to hire and/or contract with the individual or entity in question.
- i. In the recruitment of subcontractors, the City of Oakland requires all contractors to undertake nondiscriminatory and equal outreach efforts, which include outreach to minorities and women-owned businesses as well as other segments of Oakland’s business community. The City Administrator will track the City’s MBE/WBE utilization to ensure the absence of unlawful discrimination on the basis of age, marital status, religion, gender, sexual preference, race, creed, color, national origin, Acquired-Immune Deficiency Syndrome (AIDS), AIDS-Related Complex (ARC) or disability.
- j. In the use of such recruitment, hiring and retention of employees or subcontractors, the City of Oakland requires all contractors to undertake nondiscriminatory and equal outreach efforts which include outreach to minorities and women as well as other segments of Oakland’s business community.

17. Living Wage Ordinance

If the contract amount of this Agreement is equal to or greater than \$25,000 annually, then Contractor must comply with the Oakland Living Wage Ordinance. The Living Wage Ordinance requires that nothing less than a prescribed minimum level of compensation (a living wage) be paid to employees of service contractors (consultants) of the City and employees of CFARs (Ord. 12050 § 1, 1998). The Ordinance also requires submission of the Declaration of Compliance attached and incorporated herein as **Schedule N** and made part of this Agreement, and, unless specific exemptions apply or a waiver is granted, the consultant must provide the following to its employees who perform services under or related to this Agreement:

- a. Minimum compensation – Said employees shall be paid an initial hourly wage rate of \$9.58 with health benefits or \$11.02 without health benefits. These initial rates shall be upwardly adjusted each year no later than April 1 in proportion to the increase at the immediately preceding December 31 over the year earlier level of the Bay Region Consumer Price Index as published by the Bureau of Labor Statistics, U.S. Department of Labor. Effective July 1, 2004, wage rates will increase to \$9.66 with health benefits and \$11.11 without health benefits.
- b. Health benefits – Said full-time and part-time employees paid at the lower living wage rate shall be provided health benefits of at least \$1.25 per hour. Contractor shall provide proof that health benefits are in effect for those employees no later than 30 days after execution of the contract or receipt of City financial assistance.
- c. Compensated days off – Said employees shall be entitled to twelve compensated days off per year for sick leave, vacation or personal necessity at the employee's request, and ten uncompensated days off per year for sick leave. Employees shall accrue one compensated day off per month of full time employment. Part-time employees shall accrue compensated days off in increments proportional to that accrued by full-time employees. The employees shall be eligible to use accrued days off after the first six months of employment or consistent with company policy, whichever is sooner. Paid holidays, consistent with established employer policy, may be counted toward provision of the required 12 compensated days off. Ten uncompensated days off shall be made available, as needed, for personal or immediate family illness after the employee has exhausted his or her accrued compensated days off for that year.
- d. Federal Earned Income Credit (EIC) – Contractor shall inform said employees who earn less than \$12.00 per hour that he or she may be eligible for EIC and shall provide forms to apply for advance EIC payments to eligible employees.
- e. Contractor shall provide to all employees and to the Office of Contract Compliance, written notice of its obligation to eligible employees under the City's Living Wage requirements. Said notice shall be posted prominently in communal areas of the work site(s) and shall include the above-referenced information.
- f. Contractor shall provide all written notices and forms required above in English, Spanish or other languages spoken by a significant number of employees within 30 days of employment under this Agreement.
- g. Reporting – Contractor shall maintain a listing of the name, address, hire date, occupation classification, rate of pay and benefits for each of its employees. Contractor shall provide a copy of said list to the Office of Contract Compliance, on a quarterly basis, by March 31, June 30, September 30 and December 31 for the applicable compliance period. Failure to provide said list within five days of the due date will result in liquidated damages of five hundred dollars (\$500.00) for each day that the list remains outstanding. Contractor shall maintain employee payroll and related records for a period of four (4) years after expiration of the compliance period.

- h. Contractor shall require subcontractors that provide services under or related to this Agreement to comply with the above Living Wage provisions. Contractor shall include the above-referenced sections in its subcontracts. Copies of said subcontracts shall be submitted to the Office of the City Administrator, Contract Compliance & Employment Services Division.

18. Equal Benefits Ordinance

This Agreement is subject to the Equal Benefits Ordinance of Chapter 2.232.010 of the Oakland Municipal Code and its implementing regulations. The purpose of this Ordinance is to protect and further the public, health, safety, convenience, comfort, property and general welfare by requiring that public funds be expended in a manner so as to prohibit discrimination in the provision of employee benefits by City contractors (consultants) between employees with spouses and employees with domestic partners, and/or between domestic partners and spouses of such employees. (Ord. 12394 (part), 2001)

The following contractors are subject to the Equal Benefits Ordinance: Entities which enter into a "contract" with the City for an amount of twenty-five thousand dollars (\$25,000.00) or more for public works or improvements to be performed, or for goods or services to be purchased or grants to be provided at the expense of the City or to be paid out of moneys deposited in the treasury or out of trust moneys under the control of or collected by the city; and Entities which enter into a "property contract" pursuant to Section 2.32.020(D) with the City in an amount of twenty-five thousand dollars (\$25,000.00) or more for the exclusive use of or occupancy (1) of real property owned or controlled by the city or (2) of real property owned by others for the city's use or occupancy, for a term exceeding twenty-nine (29) days in any calendar year.

The Ordinance shall only apply to those portions of a contractor's operations that occur (1) within the city; (2) on real property outside the city if the property is owned by the city or if the city has a right to occupy the property, and if the contract's presence at that location is connected to a contract with the city; and (3) elsewhere in the United States where work related to a city contract is being performed. The requirements of this chapter shall not apply to subcontracts or subcontractors of any contract or contractor

19. City of Oakland Campaign Contribution Limits

This Agreement is subject to the City of Oakland Campaign Reform Act of Chapter 3.12 of the Oakland Municipal Code and its implementing regulations if it requires Council approval. The City of Oakland Campaign Reform Act prohibits contractors that are doing business or seeking to do business with the City of Oakland from making campaign contributions to Oakland candidates between commencement of negotiations and either 180 days after completion of, or termination of, contract negotiations.

If this Agreement requires Council approval, Contractor must sign and date an Acknowledgment of Campaign Contribution Limits Form attached hereto and incorporated herein as **Schedule O**.

20. Nuclear Free Zone Disclosure

Contractor represents, pursuant to **Schedule P** (“Nuclear Free Zone Disclosure Form”), that Contractor is in compliance with the City of Oakland’s restrictions on doing business with service providers considered nuclear weapons makers. Prior to execution of this agreement, Contractor shall complete **Schedule P**, attached hereto.

21. Insurance

Unless a written waiver is obtained from the City’s Risk Manager, Contractor must provide the insurance listed in **Schedule Q**. **Schedule Q** is attached hereto and incorporated herein by reference.

22. Indemnification

Contractor shall protect, defend (with counsel acceptable to City), indemnify and hold harmless City, its council members, officers, employees and agents from any and all actions, causes of actions, claims, losses, expenses (including reasonable attorneys’ fees and costs) or liability (collectively called “Actions”) on account of damage of property or injury to or death of persons arising out of or resulting in any way from work performed in connection with this Agreement by Contractor, its officers, employees, sub-consultants or agents.

Contractor acknowledges and agrees that it has an immediate and independent obligation to defend City, its council members, officers, employees and agents from any claim or action which potentially falls within this indemnification provision, which obligation shall arise at the time such claim is tendered to Contractor by City and continues at all times thereafter.

All of Contractor’s obligations under this section are intended to apply to the fullest extent permitted by law and shall survive the expiration or sooner termination of this Agreement.

23. Political Prohibition

Subject to applicable State and Federal laws, moneys paid pursuant to this Agreement shall not be used for political purposes, sponsoring or conducting candidate's meetings, engaging in voter registration activity, nor for publicity or propaganda purposes designed to support or defeat legislation pending before federal, state or local government.

24. Religious Prohibition

There shall be no religious worship, instruction, or proselytization as part of, or in connection with the performance of the Agreement.

25. Business Tax Certificate

Contractor shall obtain and provide proof of a valid City business tax certificate. Said certificate must remain valid during the duration of this Agreement.

26. Termination on Notice

The City may terminate this Agreement immediately for cause or without cause upon giving (30) calendar days' written notice to Contractor. Unless otherwise terminated as provided in this Agreement, this Agreement will terminate on February 28, 2006.

27. Abandonment of Project

The City may abandon or indefinitely postpone the project or the services for any or all of the project at any time. In such event, the City shall give thirty (30) days written notice of such abandonment. In the event of abandonment prior to completion of the final drawings, if applicable, and cost estimates, Contractor shall have the right to expend a reasonable amount of additional time to assemble work in progress for the purpose of proper filing and closing the job. Prior to expending said time, Contractor shall present to the City a complete report of said proposed job closure and its costs, and the City may approve all or any part of said expense. Such additional time shall not exceed ten percent (10%) of the total time expended to the date of notice of termination. All charges thus incurred and approved by the City, together with any other charges outstanding at the time of termination, shall be payable by the City within thirty (30) days following submission of a final statement by Contractor.

Should the project or any portion thereof be abandoned, the City shall pay the Contractor for all services performed thereto in accordance with the terms of this Agreement.

28. Validity of Contracts

The Oakland City Council must approve all agreements greater than \$15,000. This Agreement shall not be binding or of any force or effect until signed by the City Administrator or his or her designee and approved as to form and legality by the City Attorney or his or her designee.

29. Governing Law

This Agreement shall be governed by the laws of the State of California.

30. Notice

If either party shall desire or be required to give notice to the other, such notice shall be given in writing, via facsimile and concurrently by prepaid U.S. certified or registered postage, addressed to recipient as follows:

(City of Oakland)

Yvonne S. Hudson, Manager

Retirement and Benefits  
City of Oakland  
150 Frank H. Ogawa Plaza, Suite 3332  
Oakland, CA 94612-2033

(Contractor)

Independent Fiduciary Services, Inc.  
805 15<sup>th</sup> Street, NW, Suite 1120  
Washington, DC 20005

Attn: Samuel H. Halpern  
Executive Vice President

Any party to this Agreement may change the name or address of representatives for purpose of this Notice paragraph by providing written notice to all other parties ten (10) business days before the change is effective.

31. Entire Agreement of the Parties

This Agreement supersedes any and all agreements, either oral or written, between the parties with respect to the rendering of services by Contractor for the City and contains all of the representations, covenants and agreements between the parties with respect to the rendering of those services. Each party to this Agreement acknowledges that no representations, inducements, promises or agreements, orally or otherwise, have been made by any party, or anyone acting on behalf of any party, that are not contained in this Agreement, and that no other agreement, statement or promise not contained in this Agreement will be valid or binding.

32. Modification

Any modification of this Agreement will be effective only if it is in a writing signed by all parties to this Agreement.

33. Severability/Partial Invalidity

If any term or provision of this Agreement, or the application of any term or provision of this Agreement to a particular situation, shall be finally found to be void, invalid, illegal or unenforceable by a court of competent jurisdiction, then notwithstanding such determination, such term or provision shall remain in force and effect to the extent allowed by such ruling and all other terms and provisions of this Agreement or the application of this Agreement to other situation shall remain in full force and effect.

Notwithstanding the foregoing, if any material term or provision of this Agreement or the application of such material term or condition to a particular situation is finally found to be void, invalid, illegal or unenforceable by a court of competent jurisdiction, then the Parties hereto agree to work in good faith and fully cooperate with each other to amend this Agreement to carry out its intent.

34. Time of the Essence

Time is of the essence in the performance of this Agreement.

35. Commencement, Completion and Close out

It shall be the responsibility of the Contractor to coordinate and schedule the work to be performed so that commencement and completion take place in accordance with the provisions of this Agreement.

Any time extension granted to Contractor to enable Contractor to complete the work must be in writing and shall not constitute a waiver of rights the City may have under this Agreement.

Should the Contractor not complete the work by the scheduled date or by an extended date, the City shall be released from all of its obligations under this Agreement.

Within thirty (30) days of completion of the performance under this Agreement, the Contractor shall make a determination of any and all final costs due under this Agreement and shall submit a requisition for such final and complete payment (including without limitations any and all claims relating to or arising from this Agreement) to the City. Failure of the Contractor to timely submit a complete and accurate requisition for final payment shall relieve the City of any further obligations under this Agreement, including without limitation any obligation for payment of work performed or payment of claims by Contractor.

36. Approval

If the terms of this Agreement are acceptable to Contractor and the City, sign and date below.

37. Inconsistency

If there is any inconsistency between the main agreement and the attachments/exhibits, the text of the main agreement shall prevail.

City of Oakland,  
a municipal corporation

\_\_\_\_\_  
Contractor

\_\_\_\_\_  
(City Administrator's Office) (Date)

\_\_\_\_\_  
(Signature) (Date)

\_\_\_\_\_  
(Department Head Signature)      (Date)

\_\_\_\_\_  
Business Tax Certificate No.

\_\_\_\_\_  
(City Attorney's Office Signature)      (Date)

\_\_\_\_\_  
Accounting Number

## Schedule Q

### INSURANCE REQUIREMENTS PROFESSIONAL AND SPECIALIZED SERVICES AGREEMENTS

a. General Liability, Automobile, Worker's Compensation and Professional Liability

Contractor shall procure, prior to commencement of service, and keep in force for the term of this contract, at Contractor's own cost and expense, the following policies of insurance or certificates or binders as necessary to represent that coverage as specified below is in place with companies doing business in California and acceptable to the City. If requested, Contractor shall provide the City with copies of all insurance policies. The insurance shall at a minimum include:

- i. Commercial General Liability insurance, including but not limited to, Bodily Injury, Broad Form Property Damage, Contractual Liability and if necessary, Products and Completed Operations or Owners and Contractor Protective Liability. The policy shall contain a severability of interest clause or cross liability clause or the equivalent thereof.
  - A. Coverage afforded on behalf of the City shall be primary insurance and any other insurance available to the City under any other policies shall be excess insurance (over the insurance required by this Agreement).
  - B. Limits of liability shall include the following:  
  
Bodily Injury - \$1,000,000  
Property Damage - \$1,000,000  
Or, Combined Single Limit (C.S.L) for Bodily Injury and Property Damage - \$2,000,000
  - C. If the policy is a "claim made" type policy, the following should be included as endorsements:
    - 1) The retroactive date shall be the effective date of this Agreement or a prior date.
    - 2) The extended reporting or discovery period shall not be less than thirty-six (36) months.
- ii. Automobile Liability insurance, including all owned, non-owned and hired automobiles used by the Contractor or its agents in the performance of this Agreement shall have the following minimum limits for Bodily Injury and Property Damage - \$1,000,000 Combined Single Limit.
- iii. Worker's Compensation insurance as required by the laws of the State of California. Statutory coverage may include Employers Liability coverage with limits not less than \$1,000,000. The Contractor certifies that he/she is aware of the provisions of section 3700 of the California Labor Code, which requires every employer to

provide Workers' Compensation coverage, or to undertake self-insurance in accordance with the provisions of that Code. The Contractor shall comply with the provisions of section 3700 of the California Labor Code before commencing performance of the work under this Agreement and thereafter as required by that code.

iv. Professional Liability/errors and omissions insurance – N/A

b. Terms Conditions and Endorsements

The aforementioned insurance shall be endorsed and have all the following conditions:

- i. Additional Insured: Contractor shall name the City of Oakland, its Councilmembers, directors, officers, agents and employees as additional insureds in its Comprehensive Commercial General Liability and Automobile Liability policies. If Contractor submits the ACORD Insurance Certificate, the additional insured endorsement must be set forth on a CG20 10 11 85 form (or more recent) and/or CA 20 48 - Designated Insured Form (for business auto insurance). A STATEMENT OF ADDITIONAL INSURED ENDORSEMENT ON THE ACORD INSURANCE CERTIFICATE FORM IS INSUFFICIENT AND WILL BE REJECTED AS PROOF OF THE ADDITIONAL INSURED REQUIREMENT; and
- ii. Cancellation Notice: 30-day prior written notice of cancellation, termination or material change in coverage; and
- iii. Certificate holder is to be the same person and address as indicated in the “Notices” section of this Agreement; and
- iv. Insurer shall carry a Best Rating of B+ or greater.

***EXEMPTION NOTE: Until further notice, the City will accept the State Compensation Insurance Fund (SCIF) as an acceptable insurer for the purposes of Workers' Compensation coverage.***

c. Replacement of Coverage

In the case of the breach of any of the insurance provisions of this Agreement, the City may, at the City's option, take out and maintain at the expense of Contractor, such insurance in the name of Contractor as is required pursuant to this Agreement, and may deduct the cost of taking out and maintaining such insurance from any sums which may be found or become due to Contractor under this Agreement.

d. Insurance Interpretation

All endorsements, certificates, forms, coverage and limits of liability referred to herein shall have the meaning given such terms by the Insurance Services Office as of the date of this Agreement.

e. Proof of Insurance

Contractor will be required to provide proof of all insurance required for the work prior to execution of the contract, including copies of Contractor's insurance policies if and when requested. Failure to provide the insurance proof requested or failure to do so in a timely manner shall constitute ground for rescission of the contract award.

f. Subcontractors

Contractor shall include all subcontractors as insureds under its policies or shall maintain separate certificates and endorsements for each subcontractor. All coverages for subcontractors shall be subject to all the requirements stated herein. The City reserves the right to perform an insurance audit during the course of the project to verify compliance with requirements.

g. Deductibles and Self-Insured Retentions

Any deductible or self-insured retentions must be declared to and approved by the City. At the option of the City, either: the insurer shall reduce or eliminate such deductible or self-insured retentions as respects the City, its Councilmembers, directors, officers, agents, employees and volunteers; or the Contractor shall provide a financial guarantee satisfactory to the City guaranteeing payment of losses and related investigations, claim administration and defense expenses.

**CITY OF OAKLAND**  
**CONSULTING AND PROFESSIONAL SERVICES CONTRACTORS**  
**SCOPE OF WORK/OUTLINE OF SERVICES TO BE PERFORMED**

The services to be performed by Independent Fiduciary Services, Inc. (IFS) shall consist of a comprehensive, independent review and evaluation of the governance and management structure of the PFRS, including analysis, conclusions and recommendations presented in a final report to the Board. The audit shall include (but not be limited to) the following:

**TASK**

**1. Identification and Responsibilities**

- Are the responsibilities of the governing body (PFRS Board), Administrative staff and the plan sponsor clearly identified?
- Is there a clear identification and assignment of operation and oversight responsibilities (Board, internal staff and external experts)?
- Is the structure adequate to meet the needs of the system for carrying out its mission in the following areas:
  - Collection of contribution
  - Record keeping
  - Benefit payments
  - Asset-liability management
  - Asset management
  - Reporting

**2. Governing Body**

- What is the role of the governing body (PFRS Board) in the administration of PFRS?
- Does the governing body have complete authority over the administration of all operations and oversight responsibilities of the PFRS pension fund?
- Does the governing body select and compensate internal staff with operational responsibilities and external service providers (money managers, actuaries, custodians, auditors, etc.)?
- Is it in compliance with the Charter and other regulating policies (California Pension Protection Act)?

**3. Accountability**

- Does the governing body hold regular meetings and keep records of such?
- Does the PFRS Board utilize established criteria in its decision making process?
- Is there appropriate disclosure of the decisions reached in the meeting of the governing body to plan members and beneficiaries?
- Are the actions/decisions of the PFRS Board reported?
- Is the selection process for members of governing body transparent? Does this process meet the requirements of the Charter and other associated regulations?
- Is there an appropriate succession planning process?

#### **4. Expert Advice**

- Does the governing body seek and employ the use of independent experts in the following areas:
  - Investment Consultant
  - Actuary
  - Custodian
  - Auditor
  - Legal Representation

#### **5. Suitability**

- Are the members of the governing body suitable to serve on the PFRS board? (Specifically, they meet the background criteria appropriate for the seat they hold i.e., appointed reps, insurance rep, banking rep, etc.; also are they adequately trained by attending educational seminars, conferences, etc. to stay current on trends, best practices, investment strategies in the industry.
- Develop a list of comparable pension funds based on number of members and total amount of fund assets and other pertinent factors. Survey the selected pension funds to determine pertinent policies and procedure, performance characteristics and other relevant information.
- Review the administrative costs of operating the pension system including internal administrative costs and City overhead charges levied against the pension fund. Compare these costs to comparable pension funds. Evaluate the cost effectiveness of existing administrative structure, policies and procedures.

#### **6. Internal Controls**

- Are the appropriate internal controls in place?
- Regular assessment of the performance of the persons and entities involved in the operation and oversight of the pension fund.
- Regular review of compensation mechanisms, in order to ensure that they provide the correct incentives for those responsible for the operation and oversight of the pension fund.
- Regular review of information processes, operational software systems, and accounting and financial reporting systems.
- Identification, monitoring and, where necessary, correction of conflicts of interest situations.
- Mechanisms to sanction the improper use of privileged information.
- Implementation of an adequate risk measurement and management system including effective internal audit.
- Regular assessment of regulatory compliance systems.
- The establishment of objective performance measures for all persons and entities involved in the administration of the PFRS fund.

#### **7. Reporting**

- Are reporting channels established between all persons and entities involved in the administration of the PFRS fund in order to ensure the effective and timely transmission of relevant and accurate information?
- Does the PFRS fund comply with federal and state reporting requirements?
- Are audits, actuary and financial reports completed annually or as required?

## 8. Disclosure

- Does the governing body disclose relevant information to all parties in a clear, accurate, and timely manner?

## 9. Investment Analysis

- Review investment policies, procedures and periodic reporting to the PFRS Board. Determine if the investment portfolio complies with the City Charter and Board investment policy. Compare investment performance with other California city and county public pension funds. Calculate annual investment cost as a percentage of annual investment purchases and compare to other funds. (Note: Task completed working with Investment Consultant).

## 10. Investment Performance Measurement and Evaluation

The review of this task area will include the evaluation of:

- 1) Total portfolio performance, as well as each asset class, from numerous perspectives, including absolute and risk-adjusted returns, returns compared to the benchmarks adopted by the Board and peer universe comparisons.
- 2) Processes used to determine and measure investment performance, including
  - The methods used for collecting, verifying, and reporting performance data,
  - An assessment of the degree to which the calculation and reporting is consistent with industry standards, and
  - The appropriateness of the level of detail, timeliness and frequency of reporting.

**11. Investment Benchmarks** – This task area is interconnected with the investment performance measurement area, above, and the monitoring and reporting area, below. Performance benchmarking is a critical element in performance evaluation and many published benchmarks exist within every major asset class.

Our review will analyze --

- 1) The reasonableness of the performance benchmarks used to evaluate the Fund's investment returns. This assessment typically includes:
  - A review of the process used to select the benchmarks and the reasons for their selection,
  - A determination of the benchmarks' suitability for measuring the financial characteristics of each asset class of the portfolio being evaluated, and
  - If another benchmark is deemed more suitable, how the returns achieved compare using the benchmarks adopted by the Fund versus the more suitable benchmark.
  - Benchmarks at different levels of monitoring, e.g. at the strategic level and at the "policy" level.

Evaluation at the policy level is more general and broad, e.g., the whole portfolio compared to a long-term target mix of assets, while the strategic level is narrower and tied to a more specific standard, e.g. small cap stocks compared to the Russell 2000 Index. The “policy index” is a combination of applicable market indices, weighted according to the composition of the Fund’s portfolio. IFS will compare the returns of the policy index against those of the actual portfolio to help evaluate the portfolio’s performance results and possible causes for such results. For example, assuming for simplicity’s sake that the Fund’s portfolio consisted of 60% in large company domestic stocks and 40% in domestic bonds, then a suitable “policy index” might consist of a 60% weighting in the S&P 500 Index and 40% in the Lehman Aggregate Bond Index. The Fund’s actual applicable policy index will be a function of its actual asset classes and sub classes. In all instances where raw return data is required, we will rely on the accuracy historically reported information. (Note: Recalculation of returns from raw data would be cost-prohibitive.)

## 12. Investment Reporting and Monitoring

The review of this task area will include the evaluation of:

- 1) Whether the nature and scope of the Fund’s performance reports are technically sound and practically useful, as well as the utility of the current reporting method(s) and formats.
- 2) Whether investment managers have been provided with written investment guidelines?
- 3) Whether appropriate criteria were used to develop the guidelines for each type of manager? (For this task we will sample the guidelines.)
- 4) Whether processes are in place to monitor adherence to stated investment guidelines, and if so, whether the monitoring processes are documented in writing and adhered to as written? Whether the processes are sufficient and effective? Whether the Fund monitors the investment managers’ for investment risk?

### TIME TABLE TO COMPLETE TASK

<u>Date</u>	<u>Event</u>
The later of August 26, 2005 or 5 business days after execution of the Contract	Make Initial documents request
December 15, 2005	Prepare and mail survey
November-January, 2005	Review and analyze documents
January, 2005	Begin On-site work
Early February, 2006	Review survey responses and follow up with telephone work
Late February, 2006	Send PFRS Board working draft report
Mid March, 2006	Telephone Meeting to discuss draft
Early April, 2006	Final draft to PFRS Board

April 30, 2006

Issue Final Report to PFRS Board

Note; PFRS acknowledges and agrees that Amendments to this Contract may require amendments to this schedule for completion.

**Consultant:**

**Independent Fiduciary Services, Inc.**

**By Samuel W. Halpern, Executive Vice President**

(Please Print)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

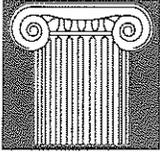
**PFRS Representative:**

\_\_\_\_\_  
(Please Print)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Date)

# **ATTACHMENT 3**



744 Broad Street  
Suite 1120  
Newark, NJ 07102  
Phone: 973-424-6400  
Fax: 973-424-6419  
www.IndependentFiduciary.com

August 8, 2005

**By E-mail and Overnight Delivery**

Ms. Yvonne Hudson  
City of Oakland Police & Fire Retirement System  
150 Frank Ogawa Plaza, Suite 3341  
Oakland, CA 94612

Dear Yvonne,

This letter sets forth a description of the proposed addition of three inter-related investment performance task areas and the resulting fee adjustment as requested by the Board. We believe that the inclusion of these areas will greatly enhance the value of the review.

❖ ***Investment Performance Measurement and Evaluation***

The review of this task area will include the evaluation of:

- 1) Total portfolio performance, as well as each asset class, from numerous perspectives, including absolute and risk-adjusted returns, returns compared to the benchmarks adopted by the Board and peer universe comparisons.
- 2) Processes used to determine and measure investment performance, including
  - The methods used for collecting, verifying, and reporting performance data,
  - An assessment of the degree to which the calculation and reporting is consistent with industry standards, and
  - The appropriateness of the level of detail, timeliness and frequency of reporting.

❖ ***Investment Benchmarks*** – This task area is interconnected with the investment performance measurement area, above, and the monitoring and reporting area, below.

Performance benchmarking is a critical element in performance evaluation and many published benchmarks exist within every major asset class.

Our review will analyze --

- 1) The reasonableness of the performance benchmarks used to evaluate the Fund's investment returns. This assessment typically includes:
  - A review of the process used to select the benchmarks and the reasons for their selection,
  - A determination of the benchmarks' suitability for measuring the financial characteristics of each asset class of the portfolio being evaluated, and
  - If another benchmark is deemed more suitable, how the returns achieved compare using the benchmarks adopted by the Fund versus the more suitable benchmark.

Benchmarks at different levels of monitoring, e.g. at the strategic level and at the "policy" level. Evaluation at the policy level is more general and broad, e.g., the whole portfolio compared to a long-term target mix of assets, while the strategic level is narrower and tied to a more specific standard, e.g. small cap stocks compared to the Russell 2000 Index. The "policy index" is a combination of applicable market indices, weighted according to the composition of the Fund's portfolio. IFS will compare the returns of the policy index against those of the actual portfolio to help evaluate the portfolio's performance results and possible causes for such results. For example, assuming for simplicity's sake that the Fund's portfolio consisted of 60% in large company domestic stocks and 40% in domestic bonds, then a suitable "policy index" might consist of a 60% weighting in the S&P 500 Index and 40% in the Lehman Aggregate Bond Index. The Fund's actual applicable policy index will be a function of its actual asset classes and sub classes. In all instances where raw return data is required, we will rely on the accuracy historically reported information. (Note: Recalculation of returns from raw data would be cost-prohibitive.)

### ❖ ***Investment Reporting and Monitoring***

The review of this task area will include the evaluation of:

- 1) Whether the nature and scope of the Fund's performance reports are technically sound and practically useful, as well as the utility of the current reporting method(s) and formats.

Ms. Yvonne Hudson  
August 8, 2005  
Page 3

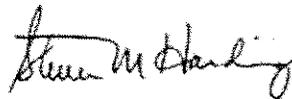
- 2) Whether investment managers have been provided with written investment guidelines?
- 3) Whether appropriate criteria were used to develop the guidelines for each type of manager?
- 4) Whether processes are in place to monitor adherence to stated investment guidelines, and if so, whether the monitoring processes are documented in writing and adhered to as written? Whether the processes are sufficient and effective?
- 5) Whether the Fund monitors the investment managers' for investment risk?

All of the above areas will be analyzed in the context of current industry standards and "best practices". We will also suggest reasonable alternatives when we consider them practical to implement.

As the Board requested, this list of added tasks and procedures will provide a more thorough and comprehensive look at the investment program of the City of Oakland Police and Fire Retirement System than we originally discussed in our proposal. The addition of these task areas will increase our previously proposed fee by \$40,000. Our total revised fee for the entire review, including these added areas, is \$160,000 plus \$9,500 for reasonable out-of-pocket expenses (primarily related to travel), assuming the revised scope of work and an acceptable contract. (Yvonne, I increased the travel expense by \$2,000 because of the additional work.)

We would like to discuss this letter with the investment committee at its convenience. Please call me at 973-424-6410 to answer any questions you may have or to clarify any of the above. Also, if for any reason I am not available, please contact Jeanna Cullins in our Washington office at 202-898-2270. (Jeanna will return from vacation on August 17.)

Very truly yours,



Steven M. Harding  
Senior Vice President  
Independent Fiduciary Services, Inc.

Cc: Jeanna Cullins  
Marc Becker



# INDEPENDENT FIDUCIARY SERVICES, INC.

744 Broad Street ~ Suite 1120 ~ Newark, NJ 07102 ~ phone: 973-424-6400 ~ fax: 973-424-6419

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September 15, 2005

**By E-mail**

Ms. Yvonne Hudson  
City of Oakland Police & Fire Retirement System  
150 Frank Ogawa Plaza, Suite 3341  
Oakland, CA 94612

Dear Yvonne,

This revised letter sets forth a description of the proposed addition of three inter-related investment performance task areas and the revised fee adjustment as requested by the Board. We believe that the inclusion of these areas will greatly enhance the value of the review.

When we first priced this engagement we took into account several characteristics of the fund and the original fee quote is lower than we typically charge. Some of the factors we considered included the nature of the plan, being closed; the size of the fund and its operations; and the fact that we have known members of the Board for some time. We also brought in an experienced sub-contractor for some of the benefit areas and its fee will come out of the amount we receive. We recently (September 2) bid on a large fund operational review and our average discounted hourly rate was \$375. That rate is significantly more than we have proposed for Oakland PFRS. That said, we have reduced the additional fee by \$12,000 (29%) but we cannot go lower than that.

❖ ***Investment Performance Measurement and Evaluation***

The review of this task area will include the evaluation of:

- 1) Total portfolio performance, as well as each asset class, from numerous perspectives, including absolute and risk-adjusted returns, returns compared to the benchmarks adopted by the Board and peer universe comparisons.
- 2) Processes used to determine and measure investment performance, including
  - The methods used for collecting, verifying, and reporting performance data,
  - An assessment of the degree to which the calculation and reporting is consistent with industry standards, and
  - The appropriateness of the level of detail, timeliness and frequency of reporting.

- ❖ **Investment Benchmarks** – This task area is interconnected with the investment performance measurement area, above, and the monitoring and reporting area, below. Performance benchmarking is a critical element in performance evaluation and many published benchmarks exist within every major asset class.

Our review will analyze --

- 1) The reasonableness of the performance benchmarks used to evaluate the Fund's investment returns. This assessment typically includes:
  - ☑ A review of the process used to select the benchmarks and the reasons for their selection,
  - ☑ A determination of the benchmarks' suitability for measuring the financial characteristics of each asset class of the portfolio being evaluated, and
  - ☑ If another benchmark is deemed more suitable, how the returns achieved compare using the benchmarks adopted by the Fund versus the more suitable benchmark.

Benchmarks at different levels of monitoring, e.g. at the strategic level and at the "policy" level. Evaluation at the policy level is more general and broad, e.g., the whole portfolio compared to a long-term target mix of assets, while the strategic level is narrower and tied to a more specific standard, e.g. small cap stocks compared to the Russell 2000 Index. The "policy index" is a combination of applicable market indices, weighted according to the composition of the Fund's portfolio. IFS will compare the returns of the policy index against those of the actual portfolio to help evaluate the portfolio's performance results and possible causes for such results. For example, assuming for simplicity's sake that the Fund's portfolio consisted of 60% in large company domestic stocks and 40% in domestic bonds, then a suitable "policy index" might consist of a 60% weighting in the S&P 500 Index and 40% in the Lehman Aggregate Bond Index. The Fund's actual applicable policy index will be a function of its actual asset classes and sub classes. In all instances where raw return data is required, we will rely on the accuracy historically reported information. (Note: Recalculation of returns from raw data would be cost-prohibitive.)

❖ **Investment Reporting and Monitoring**

The review of this task area will include the evaluation of:

- 1) Whether the nature and scope of the Fund's performance reports are technically sound and practically useful, as well as the utility of the current reporting method(s) and formats.
- 2) Whether investment managers have been provided with written investment guidelines?

- 3) Whether appropriate criteria were used to develop the guidelines for each type of manager? (For this task we will sample the guidelines.)
- 4) Whether processes are in place to monitor adherence to stated investment guidelines, and if so, whether the monitoring processes are documented in writing and adhered to as written? Whether the processes are sufficient and effective?
- 5) Whether the Fund monitors the investment managers' for investment risk?

All of the above areas will be analyzed in the context of current industry standards and "best practices". We will also suggest reasonable alternatives when we consider them practical to implement.

As the Board requested, this list of added tasks and procedures will provide a more thorough and comprehensive look at the investment program of the City of Oakland Police and Fire Retirement System than we originally discussed in our proposal. The addition of these task areas will increase our previously proposed fee by \$30,000. Our total revised fee for the entire review, including these added areas, is \$150,000 plus \$7,500 for reasonable out-of-pocket expenses (primarily related to travel), assuming the revised scope of work and an acceptable contract. I have discussed this fee proposal carefully with Jeanna Cullins and we are in agreement on it. I hope that the Board finds the added amount to be reasonable and of value considering the additional work described above.

We would like to discuss this letter with the investment committee at its convenience. Please call me at 973-424-6410 to answer any questions you may have or to clarify any of the above. Also, if for any reason I am not available, please contact Jeanna Cullins in our Washington office at 202-898-2270.

Very truly yours,



Steven M. Harding  
Senior Vice President  
Independent Fiduciary Services, Inc.

Cc: Jeanna Cullins  
Marc Becker

# **ATTACHMENT 4**



805 15<sup>th</sup> Street, NW  
Suite 1120  
Washington, DC 20005  
Phone: 202-898-2270  
Fax: 202-898-1819  
[www.independentfiduciary.com](http://www.independentfiduciary.com)

## **MEMORANDUM**

TO: Oakland Police and Fire Retirement System Operational Review Interviewees

FROM: Independent Fiduciary Services (IFS)

DATE: December 16, 2005

RE: Interviews

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We hope this memo will serve as an introduction to the IFS team and the process we follow in the upcoming interviews to be held January 30 and 31. It may also possibly raise some questions, which we hope you will ask in the interviews.

The methodology IFS utilizes to conduct an Operational Review proceeds through several phases. The first phase is document collection. During the document collection phase – with the staff's cooperation – we collected information regarding the System's operations and investment program and practices. This included amassing extensive data and documents, such as the System's enabling statute, oversight processes, written operating policies and procedures, written investment policies and guidelines, Board minutes, investment performance data and evaluation reports, service provider contracts, financial reports and more. The depth and breath of the document collection phase is driven by the project's scope of work.

Another method IFS utilizes to collect information beyond the document collection phase, is a series of discussions and interviews with people directly associated with the System's operations. The interview process includes face-to-face and/or telephone interviews with,

including but not limited to, for example, principal representatives of the oversight body, Board Members, key management, staff, and various service providers.

During the interview process we will discuss with you many aspects of the System's, investment and benefits programs and practices. This process will facilitate our ability to address the subjects included in our scope of work. Our discussion with you will focus on your knowledge and perspective of the System's operations in the area in which you work.

These interviews are very important to the success of the review process. While we have read and assimilated lots of written documents and theory about PFRS, nothing can take the place of direct, personal and realistic views from the Board Members, staff and select service providers.

As a matter of policy, and to encourage candor in the interviews, we do not and will not attribute comments to any particular person or job function. We hope this will help you feel more at ease in our discussion.

The interviews may be an opportunity for you to advance a cause or insight, which you have thus far been unable to promote or disclose. Sometimes we can be helpful in getting something accomplished that has been desired for a long time but, for whatever reason, support could not be obtained. If there is something of that nature on your mind, and we concur, and believe it relevant and significant, we may recommend it.

When we meet with you, we would like to begin by letting you tell us about your background and involvement with PFRS, and by all means, if you have questions about us, please ask.

Finally, there are several features of our firm and process that you may find informative:

- We are independent. IFS has no affiliates, period.
- We are not pursuing anyone's job; IFS does not accept public fund retainer investment consulting business and generally these are one-time projects.

- We are only paid only one way – “hard dollars.” IFS does not accept brokerage payments or “soft dollars.”
- We are experienced. IFS has performed evaluations similar to this regarding many other PERS across the U.S.
- We are practical, not “pie in the sky.” This is because of our backgrounds and experience. Among our personnel are current and former trustees and fund staff. Also, as a firm, IFS frequently acts as a fiduciary.

You can find more about IFS at our website – [www.independentfiduciary.com](http://www.independentfiduciary.com)

Thank you. We look forward to meeting with you. If you have any questions (before or after the interviews), please don't hesitate to contact us at 202-898-2270.

# **ATTACHMENT 5**

**THE CITY OF OAKLAND  
POLICE AND FIRE RETIREMENT SYSTEM**

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**INITIAL LIST OF DOCUMENTS AND DATA NEEDED  
TO COMMENCE REVIEW AND EVALUATION**

1. Agendas, minutes and handouts from Board and committee meetings for the period 2004 through year to date 2005.
2. The System's most recent Annual Report, including the audited financials and any management letter that may have been issued.
3. The System's most recent actuarial report.
4. The System's most recent organization chart, including an explanation of which (if any) of the System's staff are paid by the System (as opposed to the City) and/or subject to hiring and termination by the Board (as opposed to the City or its officials).
5. For each System employee, please provide their:
  - resume;
  - current compensation (without fringe benefits);
  - compensation with fringe benefits;
  - position/job description and performance measures;
  - applicable standard operating procedures; and
  - prior positions held with the System.
6. Description of personnel compensation components – amounts and types (e.g. bonuses, fringe benefits, retention incentives, etc.)
7. Any internal administrative manuals, policies, procedures or documents regarding the System's operations, including:
  - any standard operating procedures;
  - delegations of authority by the Board to staff;
  - conflict of interest guidelines;
  - financial disclosure requirements
  - accounting procedures;
  - benefits administration procedures;
  - internal controls and audit functions policies and procedures;
  - staff annual performance evaluation procedures;
  - budget planning procedures;
  - records maintenance policies and procedures; and
  - systems backup and disaster recovery policy.

8. Any policies and procedures, in written form and flowchart form, if available, for the review, approval, processing and payment of manager fees and expenses.
9. The current investment policy statement and investment guidelines for the System's overall portfolio and/or for individual investment managers or other accounts.
10. A copy of the System's latest asset/liability study, if any.
11. A list of all investment objectives, market indices and other investment performance benchmarks the System currently uses, including a description of each asset class or subclass to which each such benchmark applies.
12. Any and all internal policy or procedures documents or manuals regarding the System's investment activities, including, for instance, procedures for determining asset allocation, practices for monitoring investment managers, delegations of authority by the Board to staff regarding investment activities.
13. Any written procedures and criteria for selecting investment managers, investment consultants, and primary service providers to the System (e.g. master custodian, outside counsel, actuary, auditor etc).
14. A listing of all outside advisers, consultants (other than investment managers) and primary service providers for investment related matters that the System currently employs, by name, function and fees paid over the periods 2004 and 2005, and copies of the contracts between the System and the service providers.
15. A listing of each firm or person who serves the System as an investment manager, by name, the asset class and/or subclass (e.g., large, small, value, growth, etc.) involved, market value of assets under management, date hired, and fees paid over the periods 2004 and 2005, and copies of the contracts between investment managers and the System.
16. A listing of total investment management costs, for the last two years for the System's portfolio as a whole, as well as by asset class, and for active versus passive accounts.
17. The two most recently completed quarterly performance evaluation report from your investment consultant for the System's entire portfolio and each component of it, including rates of return, analytics and portfolio characteristics. If this data is available on a disk, please provide it in that form.
18. The rates of return the System has earned each quarter for the year and nine months ending September 30, 2005, plus – when available – the quarter ending December 31, 2005, for each investment manager and the entire Fund, including each component (e.g., domestic equity, international equity, etc.), and each asset

- subclass (large, small, value, growth, etc.) both gross and net of fees. If already computed by or on behalf of the System, please also include any risk-adjusted returns for each category, as well as the benchmark for – and stated method of – calculating such returns. If this data is available on a disk, please provide it in that form.
19. Any compilation or analysis of the System’s investment transaction costs over the last two years, including the most recent transactions cost report prepared on behalf of the System.
  20. Any policy statements and analyses regarding the System’s practices and costs regarding securities lending, soft dollars, directed brokerage or commission recapture, if any are applicable.
  21. A copy of the statute(s) governing the System that cover its structure, Board Members, personnel, benefits, investment and administrative activities, including:
    - its Charter
    - provisions regarding board composition, fiduciary obligations, experience requirements, disclosure requirements, code of conduct;
    - indemnification coverage;
    - reporting obligations to the participants and beneficiaries;
    - records retention requirements;
    - freedom of information and/or public access (sunshine laws) requirements;
  22. Any orientation manual provided to new Board Members.
  23. A listing of Board members with their background/bio, Board Committees and committee charters.
  24. A list of all educational conferences and due diligence visits Board Members or staff attended within the last two (2) years, including a general description of the meeting and who attended.
  25. Any statements, regulations, and/or procedures regarding the System’s travel and education policy, including recommended conferences, requirements to file conference reports, attendance approval procedures, expenses reimbursement criteria, etc.
  26. A copy of any insurance and/or liability coverage maintained by the System.
  27. Samples of recent, routine staff reports to the Board.
  28. A written description of all investment and administrative software (e.g. accounting, benefits, cash management, etc.) currently used by the System and its function/purpose.

29. A flow chart that depicts the flow of monies received, invested and paid out by the System, including contributions, benefit payments, accounts payable to third parties and any flows among the System, the City, and its banking service providers.
30. The System's agreement with its custodian, plus any addenda regarding, e.g. securities lending, special analytics, cash management and other services.
31. The current status of any open litigation involving the System.
32. A list of other public pension funds that the Board and staff consider peers for comparison purposes and the criteria that validates the comparison. For example, similar asset size, number and type of member, e.g., police/fire, California municipal fund, etc.
33. A list and description of any regulatory reports required to be filed for city, state, and federal government. Please include a copy of the latest filing.

# **ATTACHMENT 6**

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

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

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

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

<sup>1</sup> Staff reports that this recommendation has been completed.  
ATTACHMENT 3

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

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

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

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

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

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

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

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

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

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

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

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

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

# **ATTACHMENT 7**

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

## Investment Related Recommendations as of 05-18-2011

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

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

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

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

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

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

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

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



# AGENDA REPORT

**TO:** Oakland Police and Fire  
Retirement Board

**FROM:** David Jones  
Plan Administrator

**SUBJECT:** Audit Committee Agenda Pending List

**DATE:** July 22, 2019

	SUBJECT	TENTATIVE SCHEDULED MTG DATE	STATUS
1	Status Report of the Ad Hoc Committee regarding Actuarial Funding date of July 1, 2026	TBD	

Respectfully submitted,

David Jones, Plan Administrator  
Oakland Police and Fire Retirement System

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

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



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

# AGENDA

## INVESTMENT COMMITTEE MEMBERS

**Jaime T. Godfrey**  
Chairman

**R. Steve Wilkinson**  
Member

**Martin J. Melia**  
Member

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

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

**Wednesday, July 31, 2019 – 10:00 am**  
**One Frank H. Ogawa Plaza, Hearing Room 1**  
**Oakland, California 94612**

### - - - ORDER OF BUSINESS - - -

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

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**Recommendation: APPROVE** May 29, 2019 Investment Committee meeting minutes.
- 2. Subject: PFRS Investment Committee Meeting Minutes**  
**From:** Staff of the PFRS Board

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**Recommendation: APPROVE** June 26, 2019 Investment Committee meeting minutes.
- 3. Subject: Investment Manager Performance Review – Reams Asset Management**  
**From:** Reams Asset Management

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**Recommendation: ACCEPT** an Informational Report regarding review of Reams Asset Management, a PFRS Domestic Fixed Income Investment Manager.
- 4. Subject: Investment Manager Overview – Reams Asset Management**  
**From:** Meketa Investment Group

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**Recommendation: RECOMMEND BOARD APPROVAL** of evaluation, review and possible watch status placement of Reams Asset Management, a PFRS Domestic Fixed Income Investment Manager.

OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
REGULAR INVESTMENT COMMITTEE MEETING  
JULY 31, 2019

ORDER OF BUSINESS, continued

5. **Subject:** Investment Manager Performance Review – NWQ  
**From:** NWQ
- 
- Recommendation:** **ACCEPT** an Informational Report regarding review of NWQ, a PFRS Active Small Cap Domestic Equities Investment Manager.
6. **Subject:** Investment Manager Review – NWQ  
**From:** Meketa Investment Group
- 
- Recommendation:** **RECOMMEND BOARD APPROVAL** of evaluation, review, possible watch status placement, and/or possible termination of NWQ, a PFRS Active Small Cap Domestic Equities Investment Manager, and **RECOMMEND BOARD APPROVAL** of possible of action to move investment manager’s funds to a temporary alternative investment instrument (i.e. Exchange-Traded Fund).
7. **Subject:** Investment Market Overview  
**From:** Meketa Investment Group
- 
- Recommendation:** **ACCEPT** an informational report on the global investment markets through July 2019.
8. **Subject:** Select Investment Managers to invite to Interview as the new PFRS Active International Equity Asset Class Investment Manager  
**From:** Meketa Investment Group
- 
- Recommendation:** **RECOMMEND BOARD APPROVAL** of the recommendation from Meketa to Select Investment Managers to invite to Interview as the new PFRS Active International Equity Asset Class Investment Manager.
9. **Subject:** Informational Report on Preliminary Investment Fund Performance for the Quarter Ending June 30, 2019  
**From:** Meketa Investment Group
- 
- Recommendation:** **ACCEPT** informational report on the Preliminary Investment Fund Performance for the Quarter Ending June 30, 2019.

**OAKLAND POLICE AND FIRE RETIREMENT SYSTEM  
REGULAR INVESTMENT COMMITTEE MEETING  
JULY 31, 2019**

**ORDER OF BUSINESS, continued**

10. **Subject:** Options for replacing State Street Global Advisors (SSgA) as PFRS Investment Manager and possible steps to follow for replacing SSgA  
**From:** Meketa Investment Group and Staff of the PFRS Board
- 
- Recommendation:** **ACCEPT** an informational report regarding options for replacing State Street Global Advisors (SSgA) as PFRS Investment Manager and **RECOMMEND BOARD APPROVAL** of possible steps for replacing SSgA.
11. **Subject:** Options to select a new PFRS Investment Manager to implement the Crisis Risk Offset (Long Duration Treasury) Investment Strategy  
**From:** Meketa Investment Group
- 
- Recommendation:** **ACCEPT** an informational report regarding the options to select a new PFRS Investment Manager to implement the Crisis Risk Offset (Long Duration Treasury) Investment Strategy.
12. **Schedule of Pending Investment Committee Meeting Agenda Items**
13. **Future Scheduling**
14. **Open Forum**
15. **Adjournment of Meeting**

**AN INVESTMENT AND FINANCIAL MATTERS COMMITTEE MEETING** of the Oakland Police and Fire Retirement System (“PFRS”) was held May 29, 2019 in Hearing Room 1, One Frank Ogawa Plaza, Oakland, California.

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

Committee Members Absent: • Jaime T. Godfrey, Chairman

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

*The meeting was called to order at 10:06 a.m. Member Wilkinson served as Chairman Pro Tem in Chairman Godfrey's absence from today's meeting.*

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

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

2. **Investment Manager Performance Review – Rice Hall James and Associates, LLC** – Yossi Lipsker from Rice Hall James and Associates, LLC (RHJ) presented a review of the Investment Performance of PFRS funds invested in its small cap growth domestic equities investment account. Following Committee and investment manager discussion, member Melia made a motion to accept the informational report from RHJ, second by Chairman Pro Tem Wilkinson. Motion passed.

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

3. **Investment Manager Overview – Rice Hall James and Associates, LLC** – David Sancewich presented Meketa's overview of RHJ. Mr. Sancewich reported that Meketa recommended the Investment Committee should place RHJ onto watch status for six to nine months, after which a follow-up review will determine the Board's next step with this investment manager. Member Melia made a motion to recommend Board approval of placement of Rice Hall James and Associates to watch status for six to nine month, second by Chairman Pro Tem Wilkinson. Motion passed.

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

4. **Investment Manager Overview – DDJ Capital Management, LLC** – David Sancewich reported that Meketa recommended the Investment Committee should place DDJ Capital Management onto watch status for six to nine months, after which a follow-up review will determine the Board's next step with this investment manager. Following discussion between the Committee and Meketa, Member Melia made a motion to recommend Board approval of placement of DDJ Capital Management, LLC

to watch status for six to nine month, second by Chairman Pro Tem Wilkinson. Motion passed.

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

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

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

6. **Investment Fund Performance for the Quarter Ending March 31, 2019** – Mr. Sancewich presented the Investment Committee with a detailed reporting of the investment performance report of the PFRS fund for the quarter ending March 31, 2019. Following his report, Member Melia mad a motion to accept the informational report from Meketa, second by Chairman Pro Tem Wilkinson. Motion passed.

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

7. **Status Report of the Request for Proposal (RFP) for the new PFRS Active International Equity Asset Class Investment Manager** – Brandon Ross from Meketa reported the current status of Meketa’s review of the Requests for Proposal submitted by Investment Managers wishing to serve as the new PFRS Active International Equity Asset Class Investment Manager for the PFRS Fund. Mr. Ross reported that Meketa plans to refine the current list of 50-plus applicants to three so the Investment Committee can consider its options to schedule interviews at a future Investment Committee meeting. Member Melia made a motion to accept the informational report from Meketa, second by Chairman Pro Tem Wilkinson. Motion passed.

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

8. **Report on the diversity of the Board of Directors for each Investment Manager of the PFRS Investment Fund** – Mr. Sancewich reported that the investment committee previously directed Meketa to bring a report of the diversity of the staffing and of the Boards of Directors for each PFRS Investment Manager. He presented his findings to the Investment Committee. Following committee discussion, member Melia made a motion to accept the informational report from Meketa, second by Chairman Pro Tem Wilkinson. Motion passed.

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

9. **Approval of Resolution No. 7052 authorizing the professional service agreement with State Street Global Advisors, or Approval of the temporary Investment of PFRS investment funds to be transferred into Exchange Traded Funds instead of a Crisis Risk Offset Account (Long Duration)** – Mr. Sancewich reported that the Investment Committee had previously discussed several options regarding the PFRS investment to the Crisis Risk Offset investment strategy (Long Duration). Mr. Sancewich and the PFRS Staff reviewed additional alternatives for the PFRS fund toward funding this investment mandate. Following Committee discussion, no action was made on Resolution No. 7052, and Member Melia made a motion to recommend Board approval of the investment of PFRS investment funds scheduled to transition into the Crisis Risk Offset Account (Long Duration) into Exchange-Traded Funds (ETFs) until a suitable Investment Manager is selected by the PFRS board, second by Chairman Pro Tem Wilkinson. Motion passed.

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

10. **Schedule of Pending Agenda Items** – Staff reported the agenda items scheduled for future Investment Committee meetings.
11. **Future Scheduling** – The next Investment Committee meeting was scheduled for June 26, 2019.
12. **Open Forum** – No Report.
13. **Adjournment of Meeting** – The meeting adjourned at 11:14 am.

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JAIME T. GODFREY, COMMITTEE CHAIRMAN

DATE

**AN INVESTMENT AND FINANCIAL MATTERS COMMITTEE MEETING** of the Oakland Police and Fire Retirement System (“PFRS”) was held June 26, 2019 in Hearing Room 1, One Frank Ogawa Plaza, Oakland, California.

Committee Members Present: • Jaime T. Godfrey, Chairman  
• Martin J. Melia, Member

Committee Members Absent: • R. Steven Wilkinson, Member

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

The meeting was called to order at 10:06 a.m.

1. **Approval of Investment Committee meeting minutes** – Chairman Godfrey made a motion to postpone approval of the May 29, 2019 Investment Committee meeting minutes to the next Committee meeting, second by Member Melia. Motion passed.

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

2. **Investment Market Overview** – Sean Copus from Meketa provided an informational report on the global economic factors affecting the PFRS Fund.

**MOTION:** Member Melia made a motion to accept the informational report, second by Chairman Godfrey. Motion passed.

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

3. **Procedures to Review Replacing State Street Global Advisors as a PFRS Investment Manager and Provide Staff with Direction to Reallocate Investment Funds** – Sean Copus from Meketa presented an informational report on the possible replacement of State Street Global Advisors (SSgA) as a PFRS investment manager. Mr. Copus explained the events leading up to the PFRS Board’s decision to consider replacing SSgA and provided options for replacing SSgA. The Committee and Staff discussed reasons for and against replacing SSgA.

**MOTIONS:**

Member Melia made a motion to accept the informational report, seconded by Chairman Godfrey. Motion passed.

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

Member Melia made a motion to direct staff to continue the search for possible replacements for SSgA and to bring additional replacement options back to the Committee for further consideration, second by Chairman Godfrey. Motion passed.

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

- Investment Manager Selection for PFRS Crisis Risk Offset (Long Duration Treasury) Investments** – Sean Copus from Meketa presented an informational report on the search for an investment manager for the Crisis Risk Offset (Long Duration Treasury) asset class. Mr. Copus identified the investment managers previously considered by the Board for this asset class. Staff reminded the Committee that the funds for this asset class are currently invested in Long Duration Exchange Traded Funds (ETFs) pursuant to the Board's motion at the May 2019 meeting. The Investment Committee discussed the candidates for the Crisis Risk Offset (Long Duration Treasury) investment manager position identified by Meketa.

**MOTION:** Member Melia made a motion to accept the informational report and to recommend that the Board direct staff to continue the search for a new Crisis Risk Offset (Long Duration Treasury) investment manager, second by Chairman Godfrey. Motion passed.

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

- \$15.4 million 3rd Quarter 2019 Member Benefits Drawdown** – Mr. Copus and the PFRS Staff reported the details of the \$15.4 million 3rd Quarter 2019 Member Benefits Drawdown. Staff Member Teir Jenkins reported the additional withdrawal of \$1.2 million from the PFRS investment funds would be used for Member Drawdowns to facilitate Fire Retro payments. Chairman Godfrey requested staff be more explicit in showing such changes in this report in the future.

**MOTION:** Member Melia made a motion to recommend Board approval of the \$15.4 million 3rd Quarter 2019 Member Benefits Drawdown, which includes the withdrawal of \$1.6 million from Earnest Partners, \$1.0 million from NWQ, and \$1.6 million from Rice Hall James, second by Chairman Godfrey. Motion passed.

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

- Asset Allocation Review and Update of the PFRS Fund** – Mr. Copus presented an informational report on the current status of the PFRS Fund asset allocation.

**MOTION:** Member Melia made a motion to accept the informational report, second by Chairman Godfrey. Motion passed.

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

- Status Report of the Request for Proposal (RFP) for the new PFRS Active International Equity Asset Class Investment Manager** – Mr. Copus presented an informational report on the status of Meketa's review of responses to the Request for Proposal for an Active International Equity Asset Class Investment Manager. Meketa has narrowed applicant pool to approximately twelve potential managers. Meketa will conduct in-depth review of the twelve proposals to identify top three proposals for

Board consideration. Meketa will present top three proposals to Board at July 2019 meeting.

**MOTION:** Chairman Godfrey made a motion to accept the informational report, second by member Melia. Motion passed.

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

8. **Schedule of Pending Agenda Items** – Staff reported the agenda items scheduled for future Investment Committee meetings.
9. **Future Scheduling** – The next Investment Committee meeting was scheduled for July 31, 2019.
10. **Open Forum** – No Speakers.
11. **Adjournment of Meeting** – The meeting adjourned at 10:43 am.

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JAIME T. GODFREY, COMMITTEE CHAIRMAN

DATE

Presented to

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# City of Oakland Police and Fire Retirement System

July 31, 2019

Presented by:

Jason J. Hoyer, CFA  
Portfolio Manager



# Presenter Biography



Jason J. Hoyer, CFA  
Portfolio Manager

Jason Hoyer is a portfolio manager at Reams Asset Management. Jason has 16 years of experience as a portfolio manager and 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 Dashboard
- 3 Market Insights and Investment Themes
- 4 Client Relationship Overview
- 5 Performance Review
- 6 Portfolio Characteristics
- 7 Supplemental Materials



# Reams Overview

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A trusted investment management partner since 1981

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An exclusive focus on U.S. fixed income portfolios for institutional clients and individual investors through separate account and fund vehicles

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Long-term client relationships are a result of strong historical performance and attentive client service

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The investment team includes 13 investment professionals with an average of 23 years industry experience

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Reams Asset Management is a division of Scout Investments, an affiliate of Carillon Tower Advisers (a wholly-owned subsidiary of Raymond James Financial, Inc.)

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# Reams Leadership Team

## Investment Committee

**Mark M. Egan, CFA (33/29)**

*Chief Investment Officer  
Managing Director*

**Thomas M. Fink, CFA (33/19)**

*Managing Director*

**Robert A. Crider, CFA (42/38)**

*Managing Director*

## Operations and Administration

David B. McKinney, JD, CPA (39/21)

*President, Reams Division*

Daniel P. Spurgeon (23/15)

*V.P. Operations*

Greg VanDuesen (23/11)

*Chief Information Officer*

Nancy Morey (38/38)

*Director of Portfolio Systems  
and Accounting*

## Structured Products

**Stephen T. Vincent, CFA (28/25)**

*Portfolio Manager  
Structured Products Team Leader*

## Credit

**Todd C. Thompson, CFA (25/18)**

*Portfolio Manager  
Credit Research Team Leader*

## Client Services

Sarah M. Couch (23/1)  
*Director of Client Services*



# Reams Representative Client List

## Corporate

American Honda Motor Company  
Cummins Inc.  
Emerson Electric Company  
NCR Corporation  
Omaha Public Power District  
Southern California Rock Products  
VF Corporation

## University/Endowment/Foundation

Trustees of Indiana University  
University of Kentucky  
Purdue University  
Regents of the University of Minnesota

## Health Care

University of Colorado Health  
Gavi, The Vaccine Alliance  
Johns Hopkins Health System  
NorthShore University HealthSystem  
Northwestern Memorial HealthCare  
Shirley Ryan AbilityLab

## Sub-Advisory

Jackson National Life  
Prudential Retirement Insurance and Annuity Company  
Russell Investment Management Company

## 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 Pensions  
City of Milwaukee Employees' Retirement System  
Montana Board of Investments  
City of Oakland Police & Fire Retirement System  
San Francisco Bay Area Rapid Transit District  
Sonoma County Employees' Retirement Association  
Spokane Firefighters' Pension Fund  
Ventura County Employees' Retirement Association

## Taft-Hartley

Carpenters District Council of Kansas City Pension Fund  
Carpenters Pension Fund of Illinois  
IBEW 8<sup>th</sup> 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

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Core Plus \$5.7 billion

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Core \$0.9 billion

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Intermediate \$0.3 billion

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Long Duration \$3.9 billion

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Low Duration \$3.2 billion

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Real Return \$0.7 billion

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Ultra Low Duration \$0.4 billion

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Unconstrained \$5.2 billion

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Total Firm AUM \$20.3 billion

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## VEHICLES

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Separate Accounts

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Institutional Commingled Funds:

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

Institutional Mutual Funds:

- Core Plus
  - Core
  - Unconstrained
- 

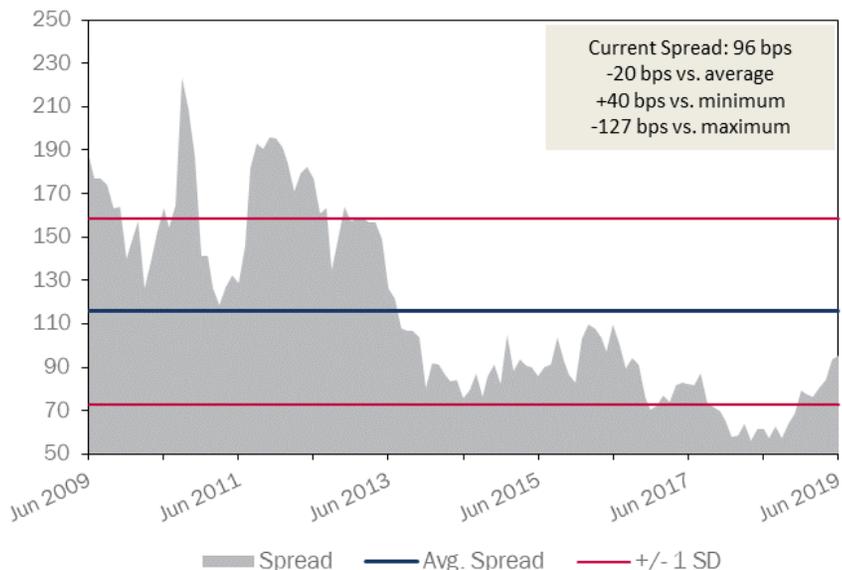
Non-U.S. Fund:

- Raymond James Funds Reams Unconstrained Bond
- 

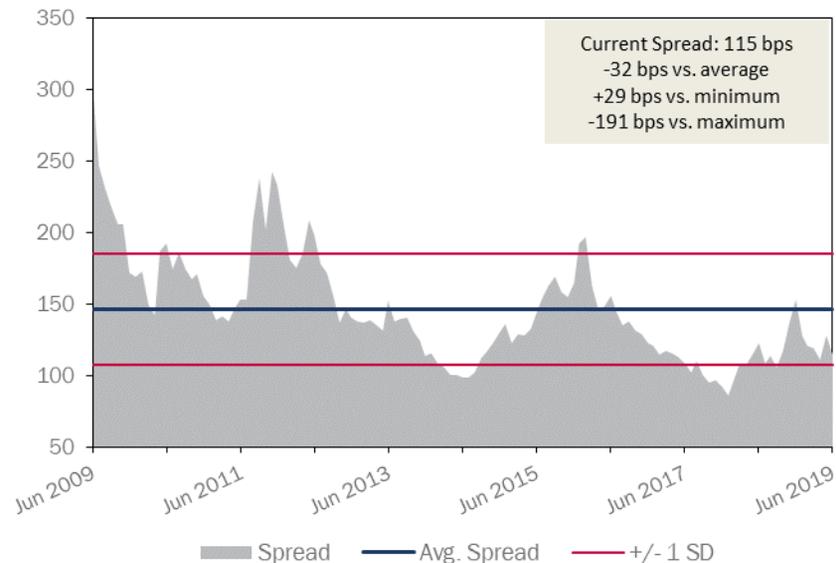


# Fixed Income Market Dashboard

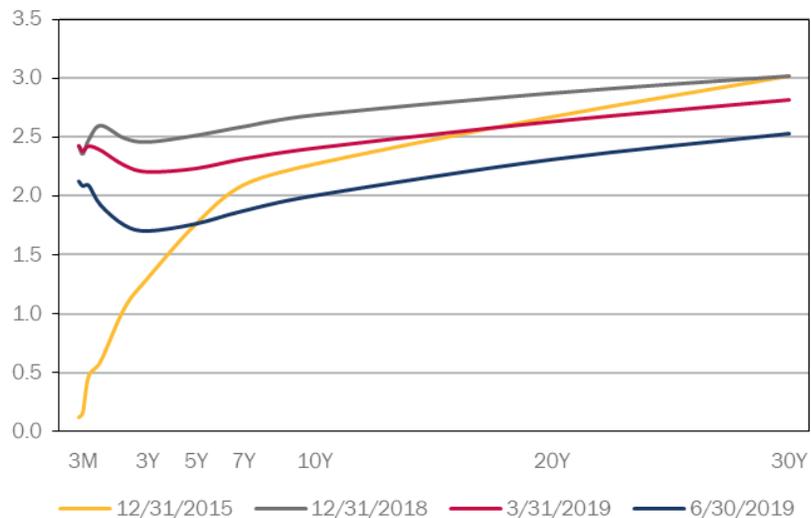
Agency MBS Zero-Volatility Spread (Basis Points)



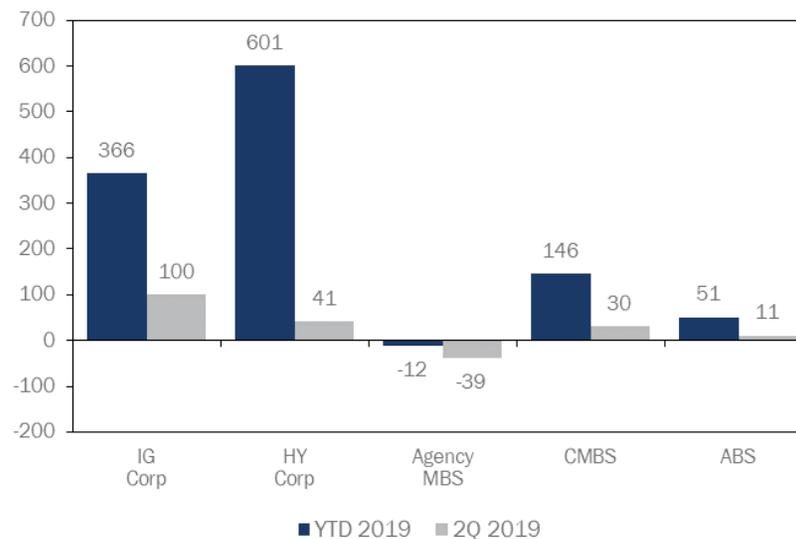
Investment Grade Corporate OAS (Basis Points)



U.S. Treasury Yield Curves (Percent)

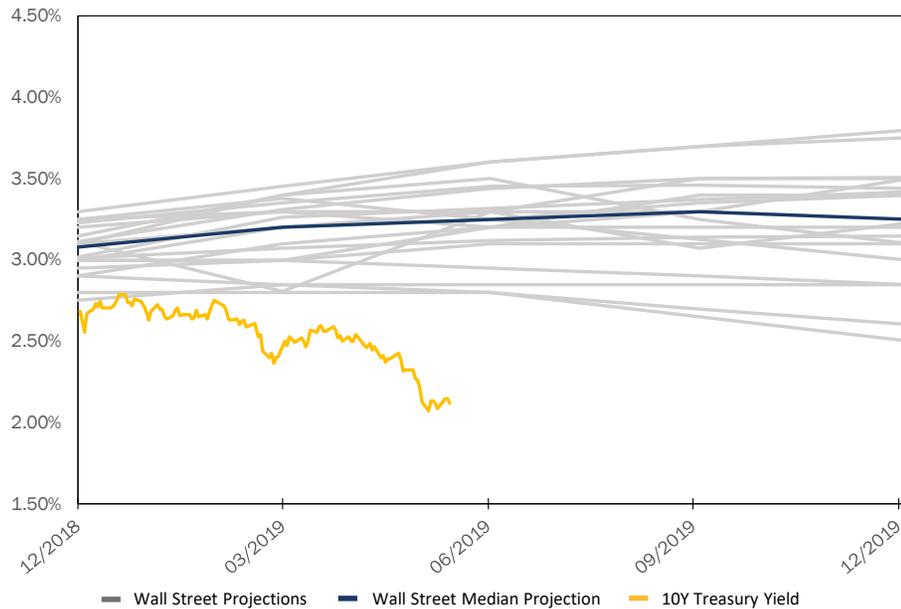


Sector Excess Returns (Basis Points)

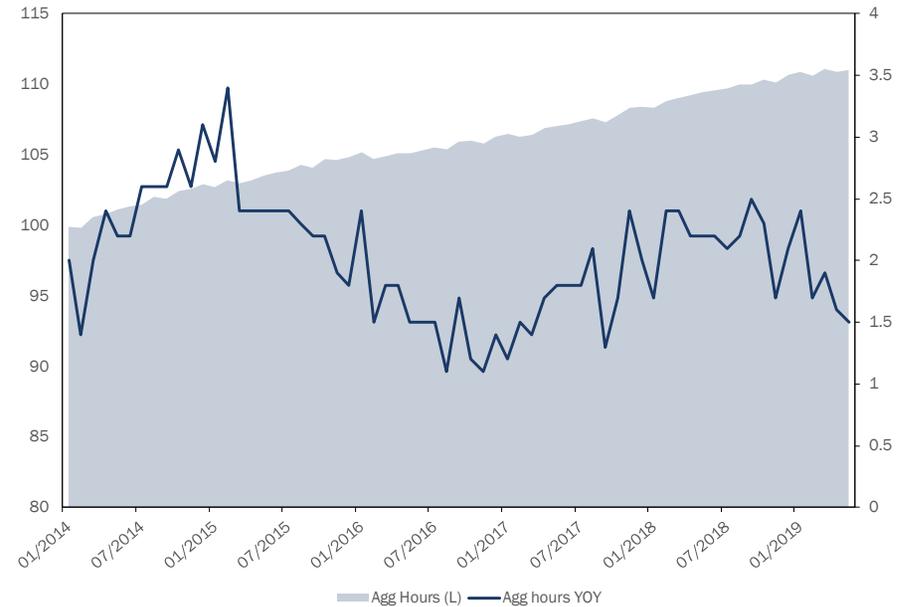


# Market Insights

### Wall Street vs. the Market - 10 Year Treasury Yield



### Aggregate Hours



- Wall Street's "fortune tellers" once again prove the difficulty of predicting interest rates. The shifting views at the Federal Reserve do not make matters any easier for them.

- The weakness in industrial and commercial activity has not translated to the consumer yet, but a declining trend in aggregate hours is one indication that this may change.



# Investment Themes

Dovish bent from central banks gains momentum, leading to heightened rate cut expectations

- Escalating trade tensions have had a deleterious impact on global economic growth, as businesses have started to cautiously curb hiring and spending. Business inventories, which have mounted over the past few quarters in what appears to be preemptive stockpiling, will likely be a drag on growth in the future, as they need to be worked through.
- The market has moved aggressively to price in at least .75% in official rate reductions through early 2020. The risk to the market now seems to be if the Fed backtracks from such high expectations.
- Central banks have responded to market tremors with pledges to take whatever action is necessary to counter any trade-related disruptions to the economy.

We *believe* that global growth will continue to downshift but that recession will be avoided for now

- U.S. economic growth has decelerated, but it is far from clear if the decline will be prolonged or severe enough to require the substantial Fed easing that is priced into the market.
- The trade war impact on the U.S. remains highly uncertain; an inventory correction could be short-lived, but capital spending will likely be restrained until the tension dissipates.
- Aggregate hours is an economic data series that has weakened recently and has caught our attention; a prolonged trade war will likely translate to pressure on payrolls and, ultimately, the heretofore unscathed consumer.

Where applicable, we added to credit and mortgage-backed exposure during the quarter

- As corporate spreads widened during the second quarter, we tactically added to our exposure, viewing the market as oversold on trade concerns.
- High coupon MBS pass-through securities underperformed, as the market anticipated a pickup in prepayment speeds. It is our view that the change in prepayment speeds assumed by the market was exaggerated and, therefore, this represents an attractive entry point for these securities.



# Investment Objective and Guidelines

## Objective

- To exceed the Bloomberg 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

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Relationship Inception February 1, 1998

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Investment Style Core Plus Fixed Income

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Performance Benchmark Bloomberg Barclays Universal Index

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### Financial Data as of June 30, 2019:

Initial Investment	\$97.5 million
Contributions	\$146.0 million
(Withdrawals)	(\$338.2 million)
Portfolio Gains	\$119.0 million
Portfolio Value	\$24.3 million

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# Performance Review

For Periods Ending June 30, 2019

	Percent Gain or Loss						
	Quarter Ending	Year To Date	Last 12 Months	Two Years (annualized)	Three Years (annualized)	Five Years (annualized)	Since Inception* (annualized)
City of Oakland Police and Fire Retirement System (a)	2.94	5.86	8.13	4.28	2.78	3.36	5.63
City of Oakland Police and Fire Retirement System (b)	2.89	5.76	7.91	4.07	2.57	3.15	5.42
Benchmark**	3.11	6.54	8.08	3.82	2.84	3.18	5.03

\* 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)



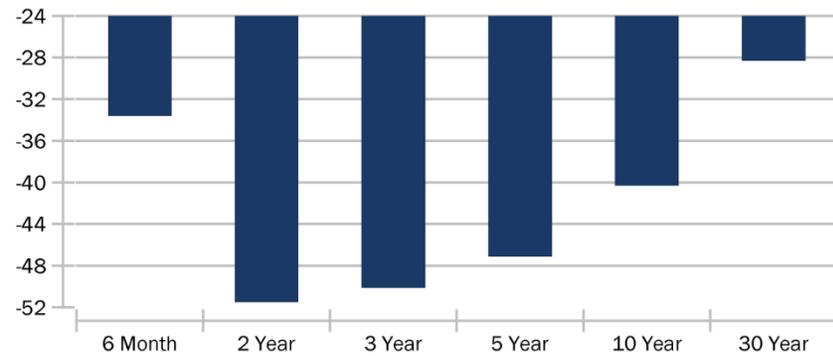
# Excess Return Detail

City of Oakland Police and Fire Retirement System: 4/1/2019 - 6/30/2019

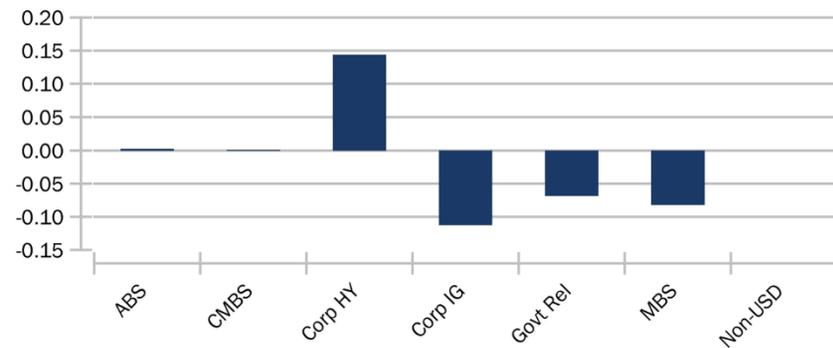
	Portfolio (%)
Total Return	2.94
Index Return	<u>3.11</u>
Excess Return	<u>-0.17</u>
Duration	-0.13
Curve	<u>0.07</u>
Total Macro	<u>-0.06</u>
Sector Selection	-0.16
Security Selection	<u>0.04</u>
Total Selection	<u>-0.12</u>

Sector	Sector Impact	Security Impact	Total Impact
ABS	0.00	0.00	0.00
CMBS	0.00	0.00	0.00
Corp HY	0.02	0.12	0.14
Corp IG	-0.09	-0.03	-0.11
Govt Rel	-0.07	0.00	-0.07
MBS	-0.03	-0.06	-0.08
Non-USD	0.00	0.00	0.00
	-0.16	0.04	-0.12

U.S. Treasury Curve Yield Change, Basis Points



Total Sector and Security Impact, Percent



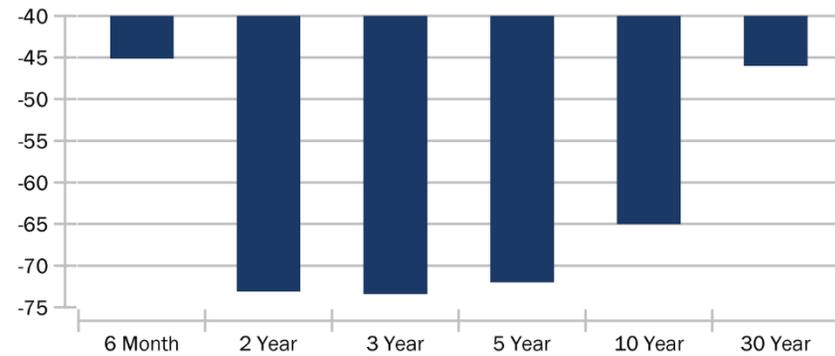
# Excess Return Detail

City of Oakland Police and Fire Retirement System: 1/1/2019 - 6/30/2019

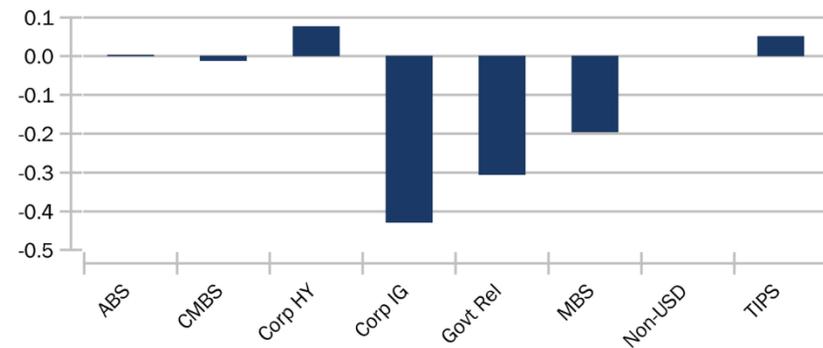
	Portfolio (%)
Total Return	5.86
Index Return	<u>6.54</u>
Excess Return	<u>-0.68</u>
Duration	0.01
Curve	<u>0.13</u>
Total Macro	<u>0.14</u>
Sector Selection	-0.47
Security Selection	<u>-0.34</u>
Total Selection	<u>-0.81</u>

Sector	Sector Impact	Security Impact	Total Impact
ABS	0.00	0.00	0.00
CMBS	0.01	-0.02	-0.01
Corp HY	-0.02	0.09	0.08
Corp IG	-0.13	-0.30	-0.43
Govt Rel	-0.31	0.00	-0.31
MBS	-0.04	-0.16	-0.20
Non-USD	0.00	0.00	0.00
TIPS	0.00	0.05	0.05
	-0.47	-0.34	-0.81

U.S. Treasury Curve Yield Change, Basis Points



Total Sector and Security Impact, Percent



# Portfolio Characteristics

## City of Oakland Police and Fire Retirement System: 6/30/2019

	Portfolio	Index
Total Market Value (\$)	24,340,779	26,740 billion
Avg. Duration (Years)	4.5	5.6
Avg. Convexity	0.15	0.27
Avg. Yield to Worst (%)	2.5	2.8
Avg. Maturity (Years)	5.2	7.8
Avg. Quality	Aa2	Aa3

Quality Structure (% of Portfolio)	Portfolio *	Index
AAA	81.4	61.2
AA	1.2	4.1
A	7.0	11.8
BBB	7.5	15.4
Other	2.9	7.5
Total	100.0	100.0

\* The methodology used is consistent with client investment guidelines.

Duration Distribution (Years)	Portfolio	Index
0 - 1 yr.	0.1	0.0
1 - 3	0.6	0.7
3 - 4	0.3	0.6
4 - 6	0.7	1.0
6 - 8	0.7	0.7
8 +	2.0	2.6
Total	4.5	5.6

Sector Structure (% of Portfolio)	Portfolio	Index
Treasury	41.0	33.1
Govt Related	0.0	10.7
Mortgage-Backed	33.5	24.8
Asset-Backed	1.0	0.4
Corporate	18.6	31.0
Non-US Dollar	0.0	0.0
Cash and Equivalents	6.0	0.0
Total	100.0	100.0

Maturity Distribution (%)	Portfolio	Index
0 - 1 yr.	35.5	0.0
1 - 3	20.3	25.0
3 - 5	9.5	25.2
5 - 7	7.5	23.6
7 - 10	21.3	10.0
10 - 20	0.0	4.0
20 +	5.9	12.2
Total	100.0	100.0



## Oakland-Based Brokerage Summary

- There was no activity during the first half of 2019.
- There was no activity during 2018.



## 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 Carillon Reams Bond Funds. 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 Carillon Reams Bond Funds. 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.



## 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 Carillon Reams Bond Funds. Todd has 25 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 Carillon Reams Bond Funds. Steve has over 25 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 Carillon Reams Bond Funds. Clark has 25 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.



**Jason Hoyer** is a portfolio manager at Reams Asset Management. Jason has 16 years of experience as a portfolio manager and 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



**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 7 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.



**Taylor Harris** 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. Prior to joining Reams in 2017, he was a laboratory analyst at Bristol-Myers Squibb and Aerotek. Mr. Harris earned his master's and bachelor's degrees from Indiana University.



**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, 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.



## 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 24 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 22 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 18 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.



# Reams Administration, Operations, and Client Services Management Team



**Dave McKinney** is president of Reams Asset Management. In this role, he is responsible for the administrative functions of the Reams division. Dave has over 30 years of combined experience in public accounting, administration and compliance. Prior to joining Reams in 1998, he was a partner with Blue & Company, LLC and worked for Ernst & Young. Mr. McKinney earned his juris doctorate from Indiana University School of Law and his bachelor's degree from Miami University. He is a Certified Public Accountant and a member of the American Institute of Certified Public Accountants and the Indiana CPA Society.



**Dan Spurgeon** is vice president of Operations at Reams Asset Management. In this role, he is responsible for overseeing operations at Reams, including trade settlement and reconciliation, portfolio accounting, information systems and data security. Dan has over 20 years of experience in fixed income operations and administration. Prior to joining Reams in 2004, he was Operations Manager for 40|86 Advisors and worked for Bank One. Mr. Spurgeon earned his bachelor's degree from Purdue University.



**Greg VanDuesen** is chief information officer at Reams Asset Management. In this role, he is responsible for development and implementation of Reams' information technology strategy, including proprietary software development, data architecture and business continuity. Greg has over 20 years of experience in information technology leadership. Prior to joining Reams in 2007, he was lead application architect for 40|86 Advisors, developing propriety trade order management, compliance and risk management systems. Mr. VanDuesen earned his master's in business administration from Indiana University and his bachelor's degree from Purdue University.



**Nancy Morey** is director of Portfolio Systems and Accounting at Reams Asset Management. In this role, she oversees portfolio and composite performance reporting, investment policy compliance, as well as accounting and trading systems data integrity and reporting. Nancy joined Reams in 1981 and has over 30 years of experience in portfolio accounting systems management and reporting.



**Sarah Couch** is director of Client Services at Reams Asset Management. In this role, she leads the Client Services team and is responsible for providing Reams' clients with outstanding client service. Sarah has over 20 years of combined experience in client service, relationship management, and financial reporting and analysis. Prior to joining Reams in 2018, Sarah was the manager of Member Services for I-Light, Indiana's research and education network for higher education, and she held various financial management and analyst positions at Indiana University and Indiana Bank and Trust. Ms. Couch earned her master's in business administration from Indiana University and her bachelor's degree from Harvard University.



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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.

**NOT FDIC INSURED/NO BANK GUARANTEE/MAY LOSE VALUE**





# MEMORANDUM

**To:** Oakland Police and Fire Retirement System (OPFRS)  
**From:** Meketa Investment Group  
**Date:** July 31, 2019  
**Re:** Reams Asset Management – Manager/Watch Update

**Manager:** Reams Asset Management (Reams)

**Inception Date:** February 1998      **OPFRS AUM (6/30/2019):** \$24.4 million

**Strategy:** Core Plus Fixed Income      **Firm-wide AUM (6/30/2019):** \$3.4 billion

**Benchmark:** Bbg. BC Universal      **Strategy AUM (6/30/2019):** \$20.3 billion

## Summary & Recommendation

Despite strong recent absolute returns, Reams has experienced difficulty in keeping up with its Bloomberg Barclays US Universal benchmark on a net of fees basis. On an organizational basis, Reams' management team has remained very stable and has not experienced any major turnover since its last manager update. Therefore, **Meketa does not have any major concerns with Reams and does not recommend any action be taken at this time.**

## Discussion

Reams has managed OPFRS's Core Plus Fixed Income portfolio since the beginning of February 1998 and currently oversees approximately \$24.4 million or about 7.4% of OPFRS's total portfolio allocation as of the end of June 2019.

## Performance

OPFRS Portfolio Annualized Returns (as of 6/30/2019)

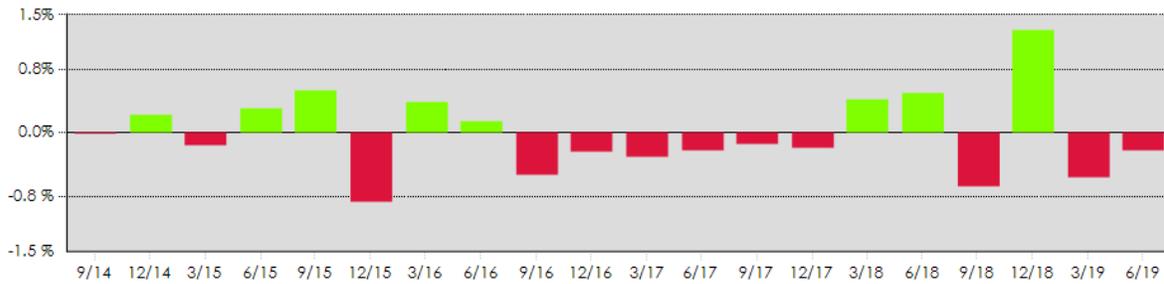
Manager	Mkt Value (\$000)	Asset Class	3 MO	1 YR	3 YR	5 YR	Since Inception	Inception Date
<b>Reams (Gross)</b>	<b>24,345</b>	<b>Core+ F.I.</b>	<b>2.95</b>	<b>8.14</b>	<b>2.78</b>	<b>3.35</b>	<b>5.61</b>	<b>2/1998</b>
<i>Bbg BC US Universal</i>	---	---	3.11	8.07	2.84	3.18	5.03	---
Excess Return	---	---	-0.16	0.07	-0.06	0.17	0.58	---
<b>Reams (Net)</b>	<b>24,345</b>	<b>Core+ F.I.</b>	<b>2.90</b>	<b>7.93</b>	<b>2.57</b>	<b>3.15</b>	<b>5.38</b>	<b>2/1998</b>
<i>Bbg BC US Universal</i>	---	---	3.11	8.07	2.84	3.18	5.03	---
Excess Return	---	---	-0.21	-0.14	-0.28	-0.03	0.35	---

Over the second quarter of 2019, the portfolio earned a 2.9% return, net of fees, compared to a benchmark return of 3.1%. On a net of fees basis, Reams has also underperformed its benchmark over the 1-, 3-, and 5-year periods by (14), (28), and (3) basis points, respectively. Despite underwhelming recent relative performance, the portfolio continues to outperform its benchmark since inception by 35 basis points after fees.



# MEMORANDUM

## Rolling 3-month Excess Returns – Net of Fees

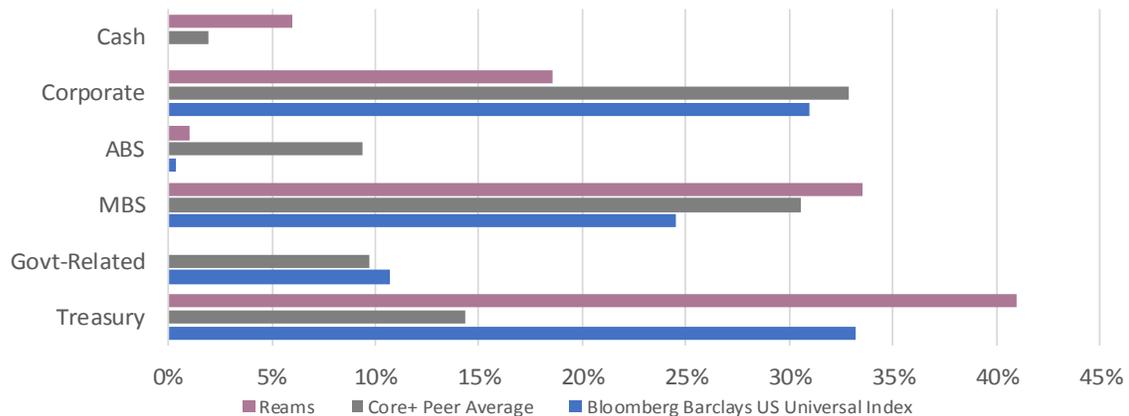


The above chart displays quarterly excess returns on a rolling basis over the most recent 5 years. Over that period, Reams has outperformed its benchmark in 9 out of 20 quarters (45%). The portfolio underwent a period of poor performance from mid-2016 through the end of 2017 but bounced back with a strong 2018 calendar year. However, despite a strong 4Q2018 the portfolio has underperformed over 3 of the most recent 4 quarters.

## Portfolio Characteristics

Much of Reams' recent performance patterns can be explained by its conservative portfolio positioning. Although Reams is managing a Core Plus product, its portfolio has significantly more weighting in high quality Treasuries compared to its peers and benchmark. Conversely, the portfolio has a significantly lower allocation to the comparatively riskier Corporate and Asset-backed Securities sectors.

## Sector Comparison

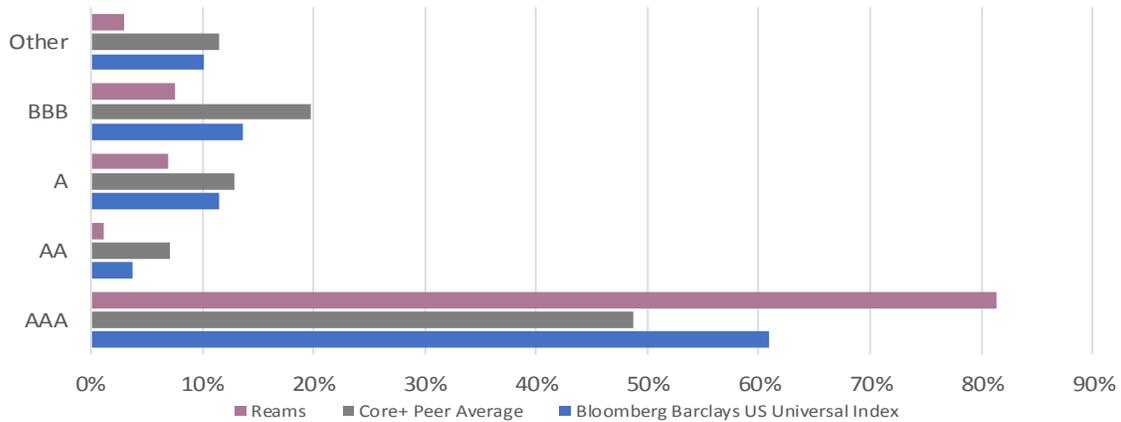


As for quality, the figure on the following page shows that Reams' portfolio has a significantly higher allocation to AAA-rated holdings compared to its Core Plus peer group and benchmark.



# MEMORANDUM

## Quality Comparison



The portfolio's high relative weightings to high quality Treasuries help to explain its relative performance pattern versus its peers and benchmark as Reams has struggled to outperform during "risk on" periods when fixed income returns are being driven by higher-yielding Corporates and Securitized bonds. Not surprisingly, the portfolio performs strongly when the market experiences a "flight to quality" when Treasuries see significant price appreciation as we experienced during the final quarter of 2018.

## Product and Organization Review Summary

Reams		Areas of Potential Impact			
	Level of Concern <sup>A</sup>	Investment process (client portfolio)	Investment Team	Performance Track Record	Team/Firm Culture
<b>Product</b>					
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				
<b>Organization</b>					
Ownership changes	None				
Key people changes	None				
Firm wide client gain/losses	None				
<b>Recommended Action</b>	<b>None - X</b>	<b>Watch Status</b>		<b>Termination</b>	

A Review of Reams and the Core Plus management team revealed no significant organizational issues or changes. Since Reams was removed from Watch status in October 2018 there have been no changes to the investment team and no major turnover in the organization. Meketa does not have any organizational concerns regarding Reams at this time.



## MEMORANDUM

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### 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.



NWQ Investment Management Company, LLC  
2049 Century Park East, 16th Floor  
Los Angeles, CA 90067  
310.712.4000  
WWW.NWQ.COM

Dear Valued Client,

We want to let you know about a change in portfolio management at NWQ.

Phyllis Thomas, portfolio manager of the NWQ Small Cap Value and Small/Mid Cap Value strategies, has decided to leave the firm after a long career in asset management.

Andy Hwang remains on both strategies. He became Co-PM in 2016 as part of our succession planning and has had equal say on all portfolio decisions since then. Andy has been a significant contributor of alpha to the strategies over the past several years, with profitable investments across multiple industries. He's also a 21-year veteran of NWQ.

Joining Andy as Co-PM on both strategies is Tom Lavia, Co-Head of NWQ and Head of Research. As the leader of our research team, Tom was already contributing many successful security selections to the portfolios.

Andy and Tom are supported by 13 senior research analysts who each on average have almost 20 years of research experience as well as six junior analysts.

Please also be assured that NWQ's time-tested investment process remains unaffected. Your portfolio will continue to be managed in the consistent approach you know, with a focus on fundamental research that identifies companies trading at a meaningful discount to their intrinsic worth.

You should also know that NWQ continues to have complete investment autonomy as a specialist affiliate of Nuveen, which will continue to provide global distribution and marketing and centers of excellence for compliance, risk management and other support that empowers NWQ to focus exclusively on delivering investment excellence.

We would like to set up a call with you, Andy and Tom and other senior members of NWQ and Nuveen to discuss these changes.

For additional information regarding NWQ's investment personnel, please see the enclosed Form ADV Part 2B brochure supplement.

We truly value our relationship with you and honor the opportunity to help you meet your investment goals. Please contact me if you have questions.

Regards,

A handwritten signature in black ink, appearing to read "Michael Mullane". The signature is fluid and cursive, with a long horizontal line extending to the right.

Michael Mullane  
Managing Director, Client Portfolio Manager

**ANDREW (ANDY) C. HWANG**  
**EQUITY ANALYST**  
**PORTFOLIO MANAGER** □

Prior to joining NWQ in 1998, Andy spent three years with InterGlobal Financial Corporation, a boutique futures dealer, where he headed research and trading strategies. Andy also spent two years as a Senior Account Executive for individual futures clients.

Andy graduated from the University of California, Los Angeles, with a B.A. in Economics/International Area Studies and received his M.B.A. in Finance at the Marshall School of Business at the University of Southern California.

**THOMAS (TOM) LAVIA, CFA**  
**CO-HEAD OF NWQ** □  
**DIRECTOR OF RESEARCH**  
**PORTFOLIO MANAGER**

Prior to joining NWQ in 2011, Tom spent four years at Relational Investors, LLC, where he was a Managing Director responsible for coverage of the technology industry. Tom was also a Partner and Analyst at Harlingwood Capital Management and spent two years at JMP Securities, LLC as a Vice-President and three years at Robertson Stephens, Inc., where he held roles in investment banking and equity research.

Tom received his B.A. in Economics from the University of California, Berkeley. He became a Chartered Financial Analyst in 2004 and is a member of the CFA Institute and the CFA Society of Los Angeles.



# City of Oakland Police & Fire Retirement Board

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31 Jul 2019

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**Presenters**

**ANDREW C. HWANG**

Managing director | portfolio manager | equity analyst

**MICHAEL MULLANE, CFA**

Managing director | client portfolio manager

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# Firm profile

As of 30 Jun 2019

## Firm overview

- Los Angeles based global investment manager founded in 1982
- \$11.4 billion<sup>1</sup> in assets under management across four main product areas

## Investment process

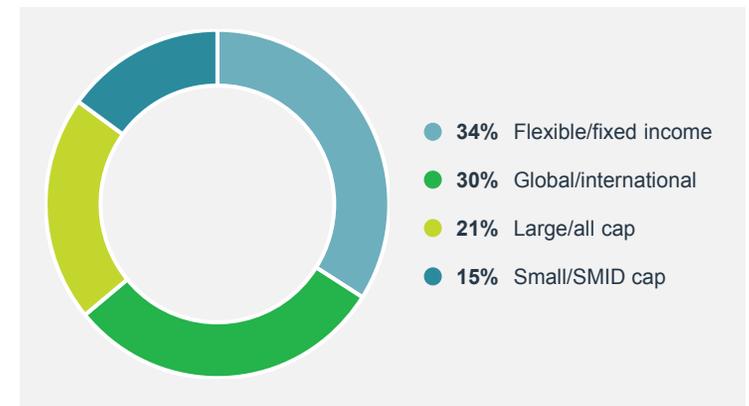
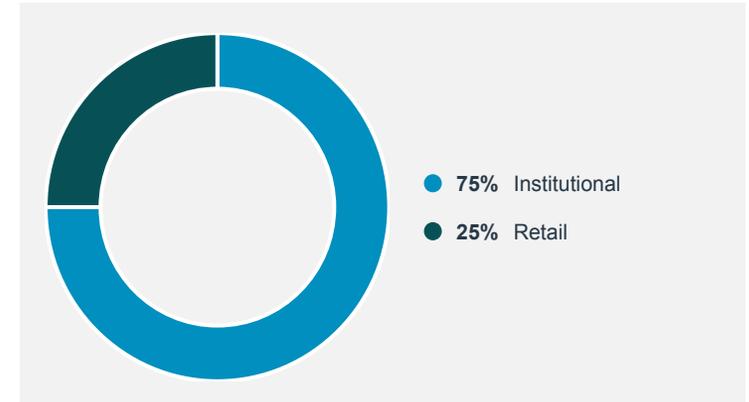
- Fundamental bottom-up security selection that seeks superior risk-adjusted returns
- High active share portfolios to provide the opportunity to add value
- Consistent investment process across all strategies

## Global research

- Substantial global research effort with 24 investment professionals
- Senior analysts average more than 21 years of investment experience
- Analysts cover global sectors across market capitalization

## Proven results

- Established long term investment performance in varying market environments<sup>2</sup>



<sup>1</sup> AUM is subject to rounding and includes approximately \$2.1 billion in model-based and other non-discretionary assets. NWQ Investment Management Company, LLC established two divisions for performance presentation purposes. The Institutional Division comprises institutional and private client assets, and the Managed Accounts Division comprises all fully bundled wrap fee separate managed account program assets. Institutional Division: \$8.5 billion in AUM; Managed Accounts Division: \$2.9 billion in AUM. NWQ reports the combined assets of its Institutional Division and Managed Accounts Division in its Form ADV.

<sup>2</sup> Includes performance of the Portfolio Manager while at a prior firm for the Large Cap Value and Special Equity strategies. **Past performance is no guarantee of future results.**

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# Investment philosophy

## Investment philosophy

Invest in companies that possess three key attributes:

- Attractive valuation
- Catalysts and/or inflection points
- Favorable risk/reward

## Analyst-driven research process

Security selection driven by seasoned analysts conducting disciplined, bottom-up research.

## Opportunistic approach

Capitalize on opportunities created by investor over-reaction, misperception, and short-term focus.

## Risk control

Strong focus on providing favorable risk/reward for each investment within a diversified portfolio.

# Global investment team

As of 17 Jul 2019

Investment professional	Role	Coverage	Years of experience
Peter Boardman	Portfolio Manager, Senior Analyst	Consumer, industrials	32
Jon D. Bosse, CFA	Chief Investment Officer, Co-Chair, Investment Oversight Committee, Portfolio Manager, Senior Analyst	Energy	37
Susi Budiman, CFA, FRM	Co-Head of Fixed Income, Co-Chair, Investment Oversight Committee, Portfolio Manager, Senior Analyst	Preferred, investment grade, high yield	19
Russell W. Collins	Senior Analyst	Industrials	12
Andy C. Hwang	Portfolio Manager, Senior Analyst	Consumer, industrials, technology	23
Joshua B. Kaye, CFA	Senior Analyst	Chemicals, telecommunications, transportation, media	5
Thomas J. Lavia, CFA	Director of Research, Portfolio Manager, Senior Analyst	Technology, healthcare	21
Cindy Henn Olsen, CFA	Senior Analyst	Consumer	14
Steve T. Peña	Senior Analyst	REITs, BDCs, high yield	18
Jonathan S. Prigel	Senior Analyst	Energy, utilities	11
Thomas J. Ray, CFA	Co-Head of Fixed Income, Portfolio Manager, Senior Analyst	Convertibles, investment grade, high yield	28
Greg P. Robitshek, CFA	Trader, Analyst	Hybrid, investment grade	19
Jujhar S. Sohi, CFA, ACA	Associate Director of Research, Senior Analyst	Healthcare, financials	15
Jim T. Stephenson, CFA	Associate Director of Research, Portfolio Manager, Senior Analyst	Media, telecommunications, transportation, materials	28
Ray O. Wicklander, CPA, CFA	Portfolio Manager, Senior Analyst	Financials, real estate	15

A team of 6 research analysts supports the senior members of the investment team.

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# Investment process

## Identify investment opportunities

- Analyst-driven process
- Bottom-up, fundamentals-based company research
- Ongoing primary research including rigorous financial statement analysis

## Security analysis

- Valuation
  - Cash flow modeling (HOLT)
  - Business segment/intrinsic value
  - Downside protection analysis
- Qualitative
  - Competitive advantages
  - Management quality
  - Incentive structure
  - Financial strength/earnings quality
- Catalyst
  - Management changes, restructuring opportunity
  - Improving fundamentals, free options
  - Under-followed/misperceived fundamentals

## Buy decision

- Investment recommendation evaluation
  - Collaborative process – Portfolio Manager decision
  - Adherence to client's guidelines
  - Portfolio diversification

# Small Cap Value portfolio construction<sup>1</sup>

## Positions

- Most positions weighted 2%–4%
- No issue > 5% at time of purchase
- Typically 40–70 positions in portfolio
- Companies with market capitalization \$100MM–5B<sup>2</sup>
- Cash is residual to investment process (0%–10%)

## Sectors

- Industry/sector weights determined by stock selection
  - Industry weights < 25%
  - Sector weights < 30% (excluding finance)
- Monthly attribution of portfolio returns

## Client restrictions

- Systematic quality control
  - Review process in place for client guidelines/mandates

**Benchmark:**  
Russell 2000 Value Index

**Expected turnover:**  
40%–70%

<sup>1</sup> Institutional separate account parameters are subject to client guidelines.

<sup>2</sup> Market capitalization range may vary but will generally reside within the small company segment of the U.S. equity market as defined by Russell in construction of its U.S. small capitalization equity index.

# Performance review

City of Oakland Police & Fire Retirement Board

## Absolute performance<sup>1</sup>

### Year to date 2019

Market value 31 Dec 2018	\$8,201,000
Contributions	\$0
Withdrawals	\$(1,000)
Adjusted value	\$8,201,000
Market value 30 Jun 2019	\$9,444,000
Net gain/(loss)	\$1,244,000

### Inception through 30 Jun 2019

Market value 13 Jan 2006	\$10,875,000
Contributions	\$6,656,000
Withdrawals	\$(16,401,000)
Adjusted value	\$1,030,000
Market value 30 Jun 2019	\$9,444,000
Net gain/(loss)	\$8,414,000

## Client objectives

Inception:	13 Jan 2006
Benchmark:	100% Russell 2000 Value

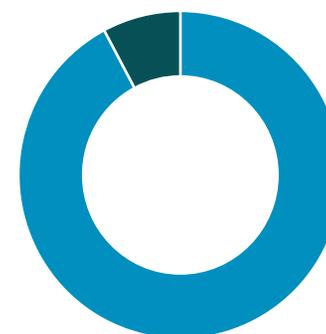
## Relative performance (%)

### As of 30 Jun 2019<sup>1</sup>

	YTD 2019	2 <sup>nd</sup> Qtr 2019	Three years <sup>2</sup>	Five years <sup>2</sup>	Seven years <sup>2</sup>	Ten years <sup>2</sup>	Since inception <sup>2</sup>
Total account	15.2	2.2	8.9	5.5	12.0	15.1	7.2
Russell 2000 Value	13.5	1.4	9.8	5.4	10.3	12.4	6.4

## Asset allocation

### As of 30 Jun 2019<sup>1</sup>



Equity	92.2%
Cash	7.8%

<sup>1</sup> Total Account performance results are gross of fees unless indicated. Performance results and market values are preliminary due to pending account reconciliation with custodial records. A final report is available upon request. Performance calculations from 01 Jan 2008 to the present are based on daily account market valuations. Returns for 2008 reported prior to Aug 2008 have been restated to reflect daily account valuations. Returns prior 01 Jan 2008 reflect a monthly performance calculation and market valuation. Account cash flows will impact the daily and monthly return calculation differently. Benchmark returns reflect the actual returns of all relevant benchmarks that were in place during the reporting period. Additional information is available upon request. Past performance is no guarantee of future results.

<sup>2</sup> Inception date: 13 Jan 2006. Periods of two years and greater are annualized.

Source: Eagle PACE.

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# Equity attribution

City of Oakland Police & Fire Retirement Board  
Year to date through 30 Jun 2019

## Sectors

	City of Oakland Police & Fire Retirement Board			Russell 2000 Value			Attribution Analysis		
	Average weight	Return (%)	Contribution (%)	Average weight	Return (%)	Contribution (%)	Allocation effect	Selection effect	Total effect
Materials & processing	14.3	24.8	3.5	5.5	17.3	1.0	0.5	0.7	1.2
Financial services	32.0	18.8	6.0	41.7	15.1	6.1	-0.1	1.1	1.0
Technology	11.9	23.5	2.8	10.7	18.7	1.8	0.2	0.6	0.7
Consumer discretionary	8.4	6.4	0.9	11.9	4.1	0.6	0.3	0.3	0.6
Producer durables	15.7	18.5	2.7	10.8	17.3	1.8	0.3	0.2	0.4
Consumer staples	0.0	0.0	0.0	2.2	0.7	0.0	0.3	0.0	0.3
Utilities	0.0	0.0	0.0	7.7	14.1	1.0	0.0	0.0	0.0
Health care	1.7	-21.3	-0.4	4.1	5.7	0.3	0.2	-0.5	-0.3
Cash	7.6	1.2	0.1	0.0	0.0	0.0	-0.9	0.0	-0.9
Energy	8.4	-2.0	-0.4	5.6	11.3	0.7	-0.3	-0.9	-1.2
<b>Total</b>	<b>100.0</b>	<b>15.2</b>	<b>15.2</b>	<b>100.0</b>	<b>13.5</b>	<b>13.5</b>	<b>0.4</b>	<b>1.3</b>	<b>1.7</b>

The exposure and performance contribution are calculated by applying daily closing prices rather than the account's actual transaction prices for the respective time period. Accordingly, the information presented herein will differ from the account's actual exposure and performance contribution. Such differences can be material when there is a significant difference between the trade price and the closing price of a given security. Attribution and contribution calculations are presented gross of investment management fees and transaction costs. In addition, holdings data, exposure, and performance contribution information may not reflect reconciliation of all transactions in the account during the respective period(s). Past performance is no guarantee of future results.

Source: FactSet.

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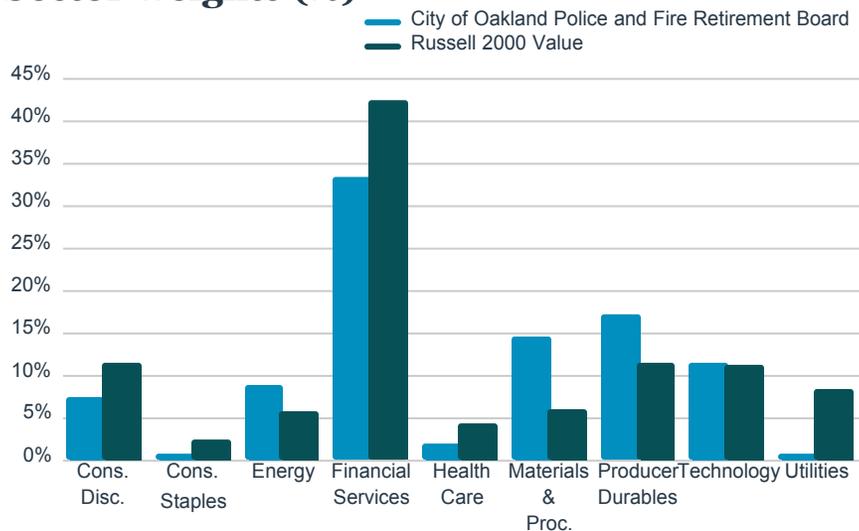
# Portfolio overview

As of 30 Jun 2019

## Top 10 holdings (%)

Name	Portfolio
Ameris Bancorp	4.4
Western Alliance BanCorp.	4.0
RenaissanceRe Holdings Ltd.	3.9
RPT Realty	3.6
Mellanox Technologies Ltd.	3.3
Quanta Services Inc.	3.2
Bank of N.T. Butterfield & Son Ltd. (The)	3.0
Equitrans Midstream Corp.	2.9
P. H. Glatfelter Co.	2.7
Taylor Morrison Home Corp. (CI.A)	2.6

## Sector weights (%)



<sup>1</sup> Excludes negative values and outliers.

Holdings data may not reflect reconciliation of all transactions which have occurred after the date reflected in this report. Miscellaneous sector includes ETFs, which provide exposure to multiple sectors. Past performance is no guarantee of future results. Sources: Portfolio Data: FactSet; Index Data: Russell Investment Group.

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## Capitalization distribution (%)

	Cap Range	Portfolio	Benchmark
% Mid/Small	\$3.5B - \$10.4B	34.3	17.4
% Small	Below \$3.5B	65.7	82.6

## Portfolio characteristics

	Portfolio	Benchmark
Capitalization		
\$-Wtd. Median	\$1.9 B	\$2.0 B
Median	\$2.0 B	\$0.7 B
Wtd. Avg.	\$2.7 B	\$2.2 B
Trailing 12 Months P/E <sup>1</sup>	13.5x	13.2x
Forward P/E <sup>1</sup>	12.8x	13.5x
Price to sales	0.9x	0.5x
Price to book value	1.5x	1.3x
Yield	1.8%	2.2%
Debt to capital	32.1%	46.6%
Future EPS Growth <sup>1</sup>	13.7%	12.2%

# Biographies



**Thomas J. Lavia, CFA**

*Co-head of NWQ  
head of research  
portfolio manager, equity analyst*

Prior to joining NWQ in 2011, Tom spent four years at Relational Investors, LLC where he was a Managing Director responsible for coverage of the technology and energy sectors. Previously, Tom was a Partner and Analyst at Harlingwood Capital Management. Prior to that, he spent two years at JMP Securities, LLC as a Vice President and three years at Robertson Stephens, Inc. where he held various positions in investment banking and equity research.

Tom received his B.A. in Economics from the University of California, Berkeley. In addition, he earned the designation of Chartered Financial Analyst in 2004 and is a member of the CFA Institute and the CFA Society of Los Angeles.



**Andrew C. Hwang**

*Managing director  
portfolio manager  
equity analyst*

Prior to joining NWQ in 1998, Andy spent three years with InterGlobal Financial Corporation, a boutique futures dealer, where he headed research and trading strategies. Previous to this, Andy spent two years as a Senior Account Executive for individual futures clients.

Andy graduated from the University of California, Los Angeles with a B.A. in Economics/International Area Studies, and received his M.B.A. in Finance at the Marshall School of Business at the University of Southern California.

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## MEMORANDUM

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**To:** Oakland Police and Fire Retirement Board (OPFRS)

**From:** David Sancewich and Sean Copus, CFA  
Meketa Investment Group

**Date:** July 31, 2019

**Re:** NWQ - Update

### RECOMMENDATION

On July 17, 2019, Meketa was notified by NWQ that Phyllis Thomas, the Co-portfolio manager for the Small Cap Value strategy, has left the firm effective immediately. In Meketa's opinion, this is a material impact on the portfolio as Phyllis, while the Co-PM, was seen as a lead decision-maker on the strategy. The firm has named Andy Hwang (Co-PM on the strategy since 2016) and Tom Lavia (Co-head of NWQ) as her replacement. As a result, Meketa recommends that OPFRS terminate NWQ and conduct a search for a new manager.

Specifically, Meketa recommends OPFRS terminate NWQ and move the assets to a Russell 2000 Value ETF, pending a review of additional portfolio options.

Meketa will update the board with additional information at the July 31, 2019 OPFRS board meeting.

### DISCUSSION

OPFRS retained NWQ in January 2006 to manage assets in NWQ's Small Cap Value strategy. OPFRS's total exposure to the NWQ's account was approximately \$10 million as of June 30, 2019. In total, NWQ manages roughly \$1.2 billion in Mutual fund and Institutional assets in the small cap value strategy.



# MEMORANDUM

## INVESTMENT PERFORMANCE

### Annualized Investment Performance (as of 6/30/2019)

Manager	Mkt Value (\$000)	Quarter	1 YR	3 YR	5 YR	Since Inception	Inception Date*
NWQ (Gross of Fees)	9,446	2.2	-10.7	8.9	5.5	6.9	1/2006
Reams (Net of Fees)	---	2.0	-11.7	7.9	4.5	5.9	---
<i>Russell 2000 Value</i>	---	1.4	-6.2	9.8	5.4	6.2	---
Excess Return (Net of Fees)	---	+0.6	-5.5	-1.9	-0.9	-0.3	---

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

OPFRS's NWQ portfolio outperformed its Russell 2000 Value benchmark over the most recent quarter by 60 basis points, net of fees. However, over the latest 1-year period, NWQ has been unable to outperform its benchmark period by earning a (11.7%) net return compared to a benchmark return of (6.2%). Over the 3- and 5-year periods, the portfolio has trailed its benchmark by (1.9%) and (0.9%) after fees. Since inception, NWQ is underperforming the Russell 2000 Value index by (30) bps, net of fees.

### Calendar Year Investment Performance (ending December 31)

Manager	2014	2015	2016	2017	2018
NWQ (Gross of Fees)	8.6	-2.4	21.8	14.0	-17.9
NWQ (Net of Fees)	7.6	-3.4	20.8	13.0	-18.9
<i>Russell 2000 Value</i>	4.2	-7.5	31.7	7.8	-12.9
Excess Return (Net of Fees)	+3.4	+4.1	-10.9	+5.2	-6.0

When looking at NWQs' calendar year returns, a more detailed picture of the manager's recent struggles appears. Reams performed well in three of the last five calendar years since 2014, including a 5.2% excess return in 2017, but has significantly trailed the benchmark in both 2016 and 2018.



# Capital Markets Outlook & Risk Metrics

## As of June 30, 2019

## Capital Market Outlook - Takeaways

- If equity performance during May reminded investors of the fourth quarter of 2018, then June performance resembled Q1 2019, as most equity markets produced returns of positive 4-7%. June returns bring YTD returns above double digits for most major equity markets.
- The rally in equities may have been fueled by subdued concerns about trade wars, as the U.S. and China agreed upon a truce at the G20 summit that, for the moment, at least delays the imposition of additional tariffs. Global economic growth worries are still present, however, which may have supported further reductions in interest rates across the curve.
- The Federal Reserve left rates steady during its June meeting and added more cautionary language about the state of the U.S. and global economies. While the central bank predicted no rate cuts during the year, it did leave the door open for cuts in the future, starting in 2020.
- U.S. equity markets remain expensive whereas Non-U.S. equity markets remain reasonably valued, relative to their history.
- Implied market volatility<sup>1</sup> remains below its historical average (~19), staying below 17 throughout June, and pushing below 13 near the end of the month.
- The Market Sentiment Indicator<sup>2</sup> returned to positive (green) supported by the rebound in equity markets.
- Market uncertainty as measured by Systemic Risk remains low, but there is potential for negative surprises, as global economies navigate their respective “late-cycle” dynamics.

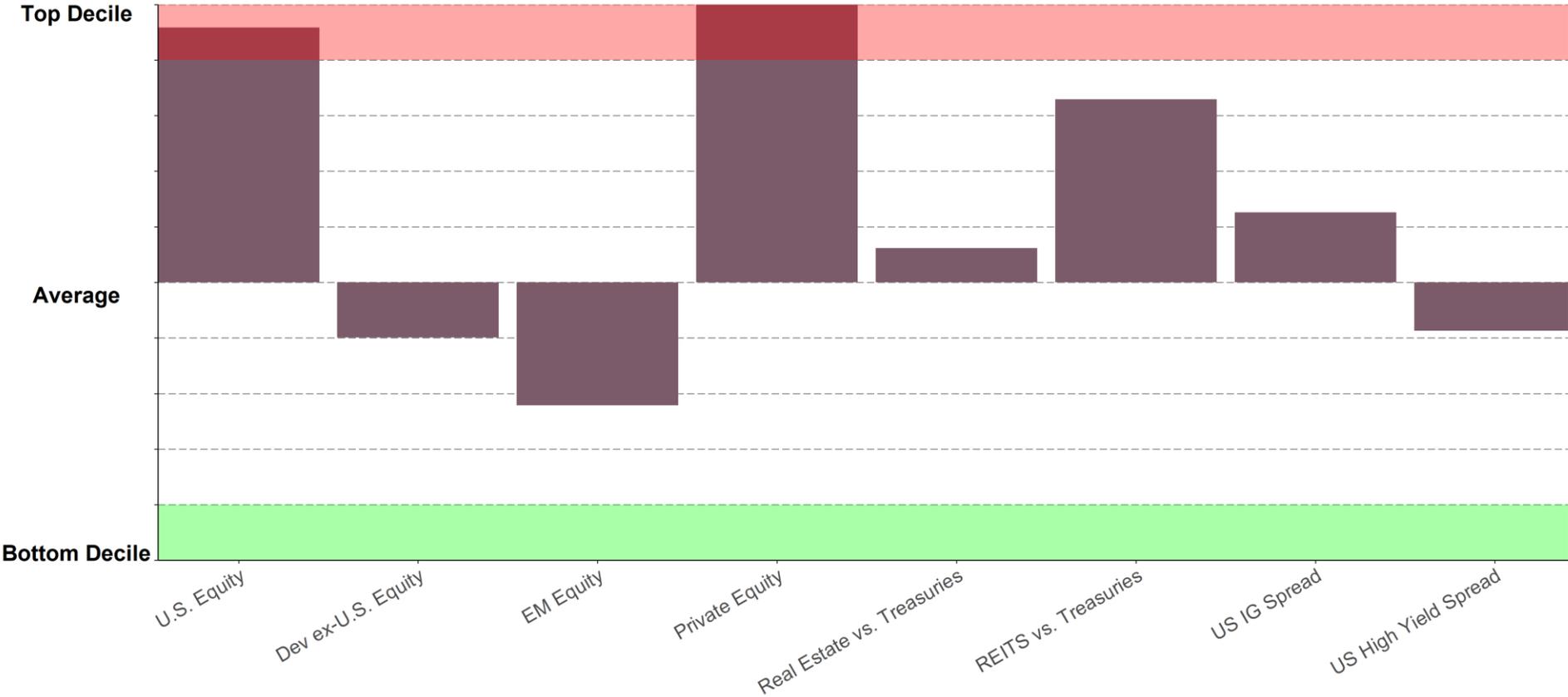
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<sup>1</sup> As measured by VIX Index.

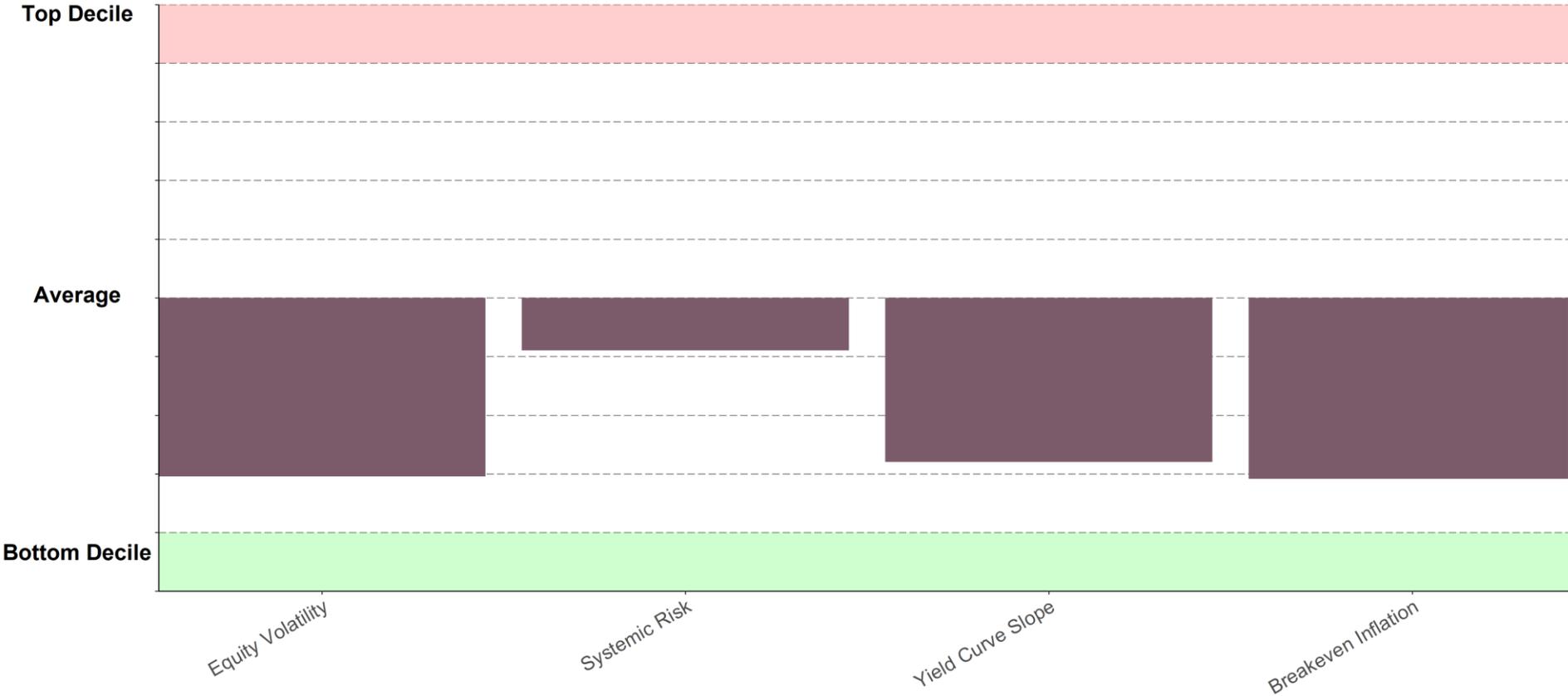
<sup>2</sup> See Appendix for the rationale for selection and calculation methodology used for the risk metrics.



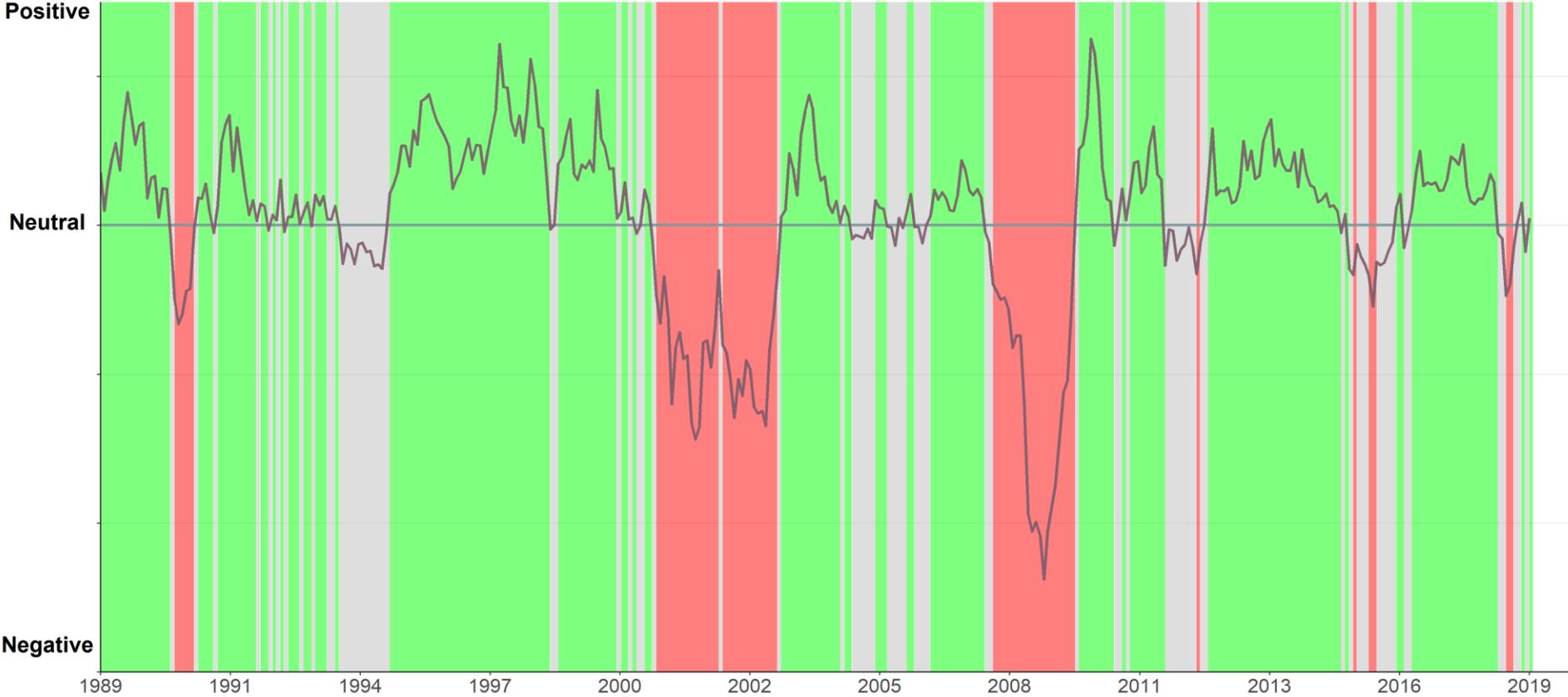
### Risk Overview/Dashboard (1)



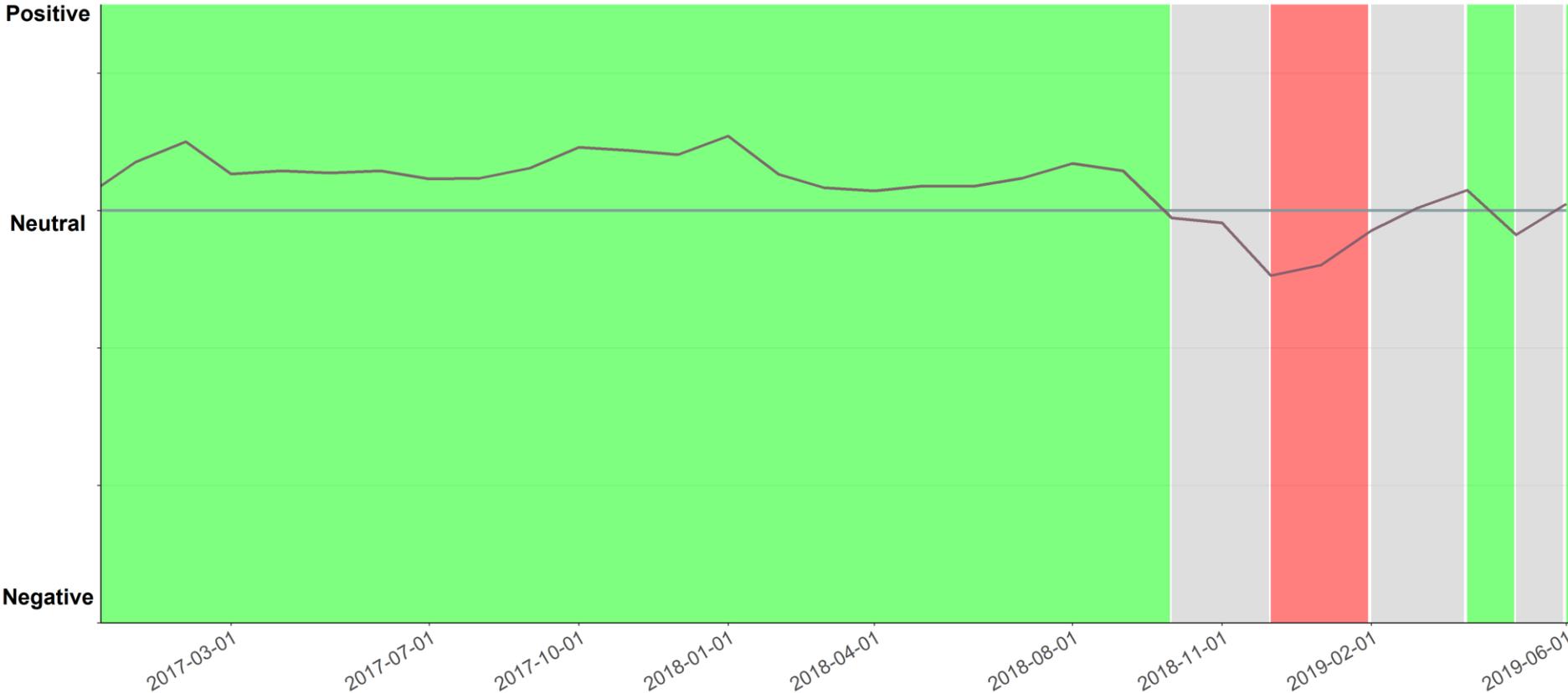
### Risk Overview/Dashboard (2)



### Market Sentiment Indicator (All History)



### Market Sentiment Indicator (Last Three Years)



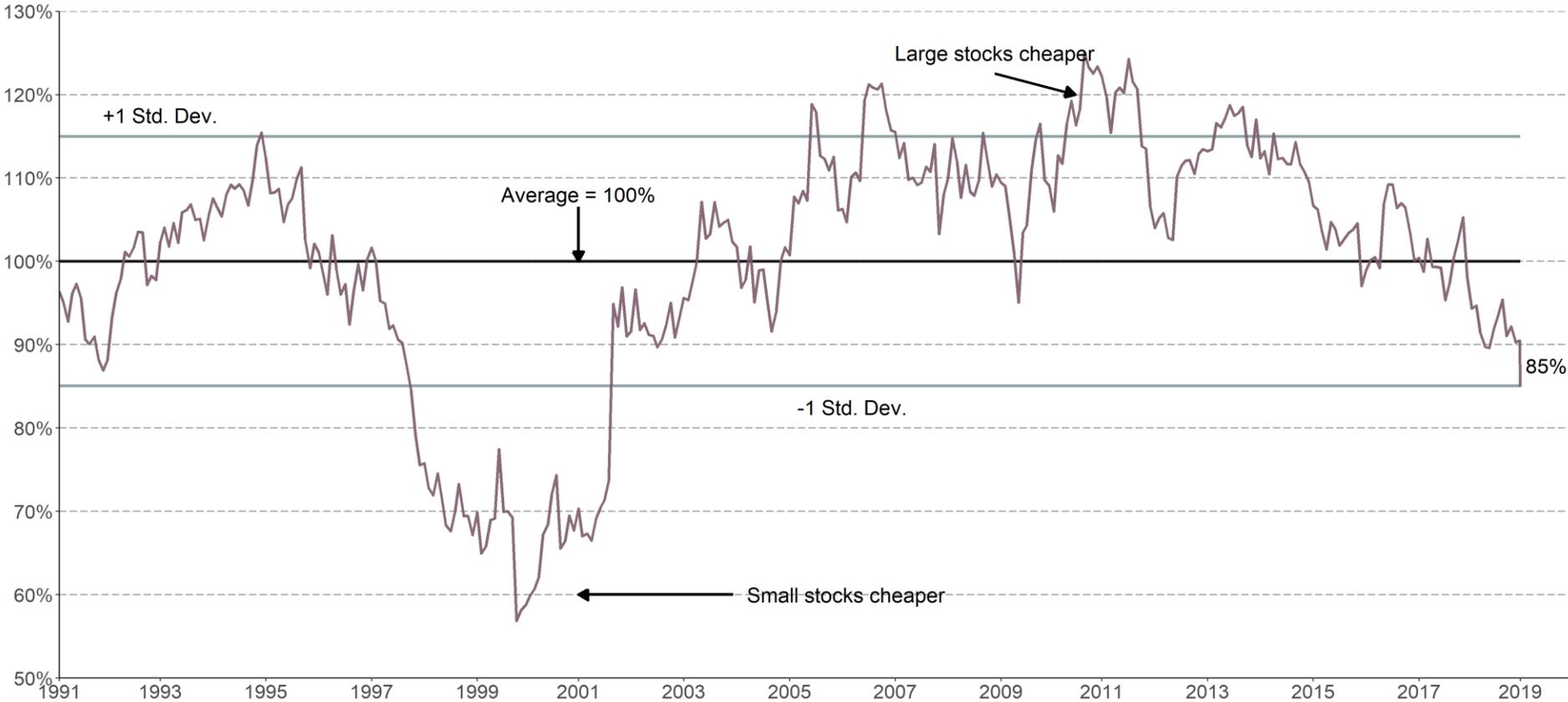
### U.S. Equity Cyclically Adjusted P/E<sup>1</sup>



<sup>1</sup> U.S. Equity Cyclically Adjusted P/E on S&P 500 Index – Source: Robert Shiller and Yale University.



### Small Cap P/E vs. Large Cap P/E<sup>1</sup>



<sup>1</sup> Small Cap P/E (Russell 2000 Index) vs. Large Cap P/E (Russell 1000 Index) - Source: Russell Investments. Earnings figures represent 12-month "as reported" earnings.



### Growth P/E vs. Value P/E<sup>1</sup>



<sup>1</sup> Growth P/E (Russell 3000 Growth Index) vs. Value (Russell 3000 Value Index) P/E - Source: Bloomberg, MSCI, and Meketa Investment Group. Earnings figures represent 12-month "as reported" earnings.



### Developed International Equity Cyclically Adjusted P/E<sup>1</sup>



<sup>1</sup> Developed International Equity (MSCI EAFE ex Japan Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years.



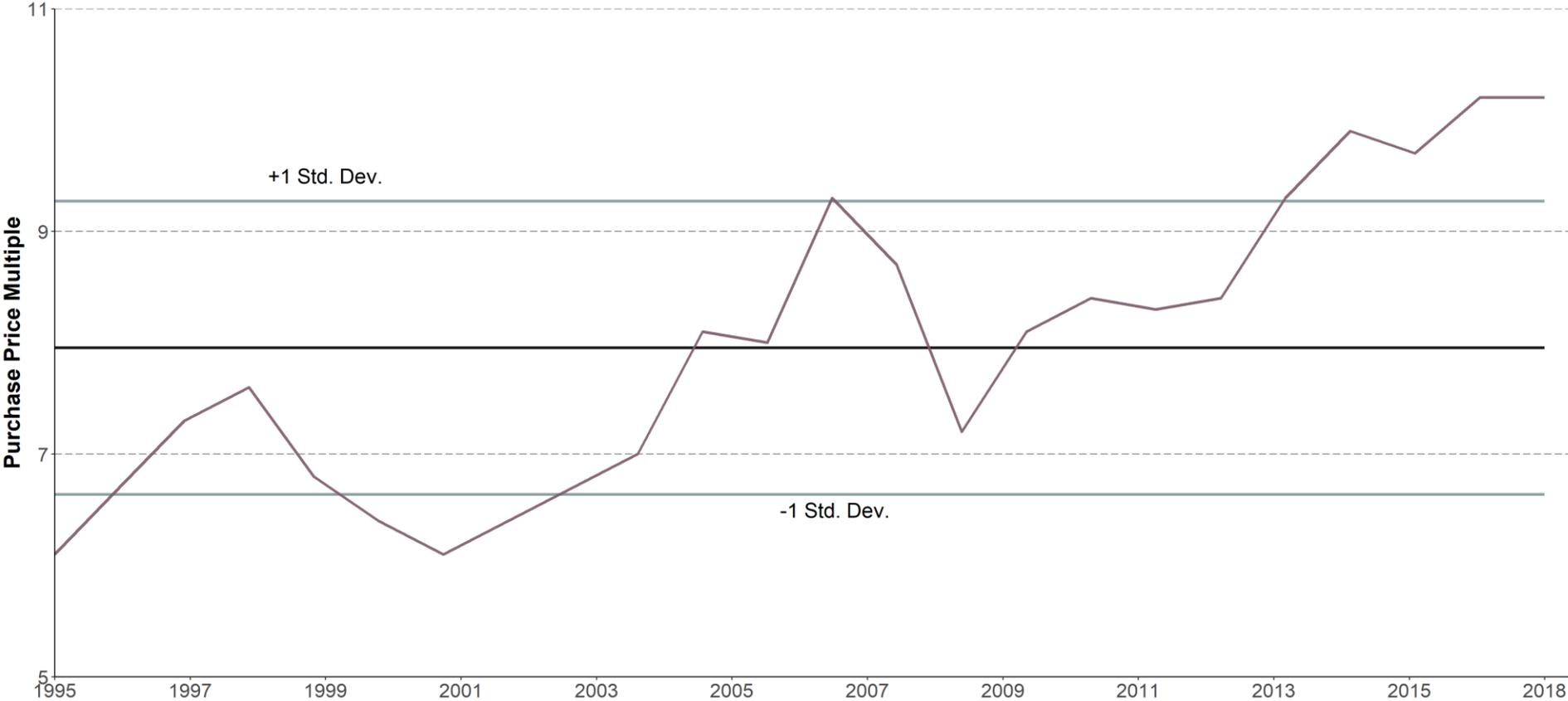
### Emerging Market Equity Cyclically Adjusted P/E<sup>1</sup>



<sup>1</sup> Emerging Market Equity (MSCI Emerging Markets Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years



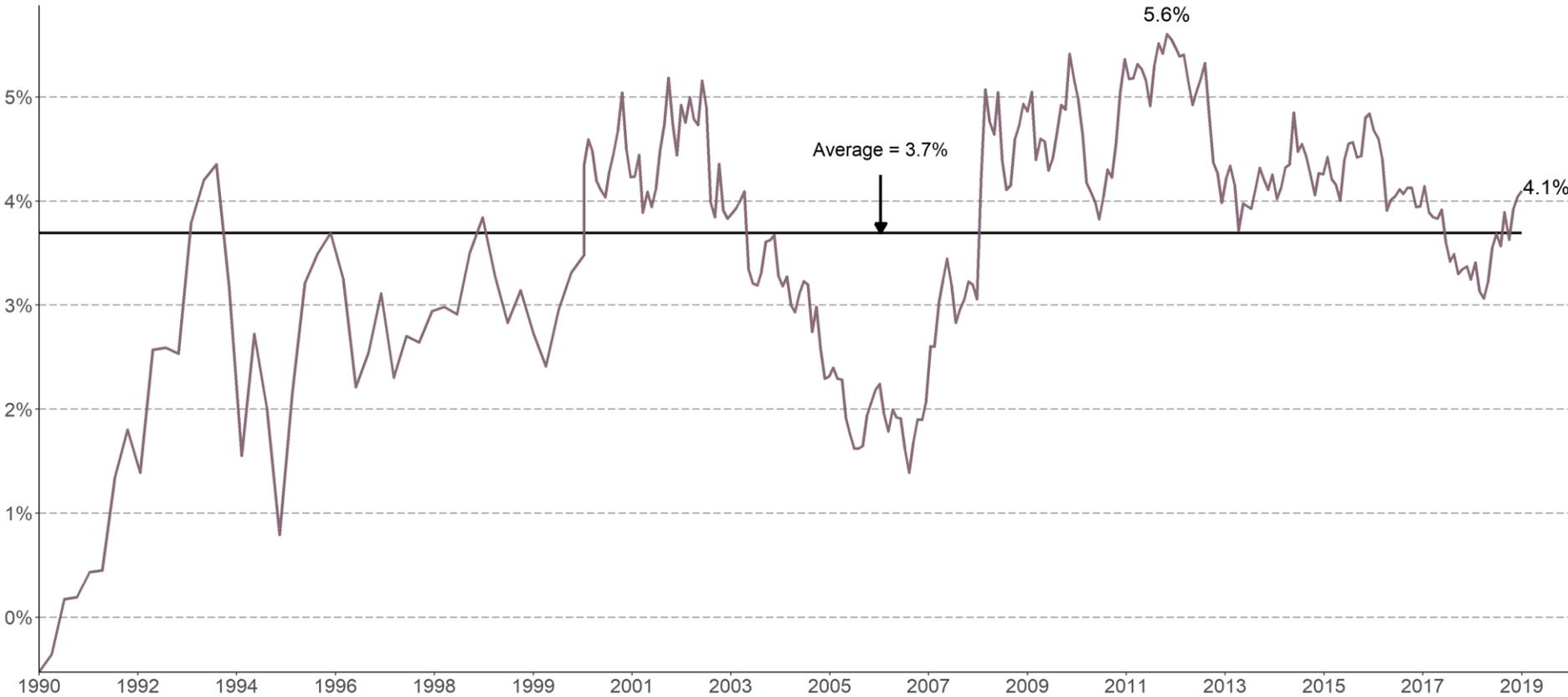
### Private Equity Multiples<sup>1</sup>



<sup>1</sup> Private Equity Multiples – Source: S&P LCD Average EBITDA Multiples Paid in All LBOs



### Core Real Estate Spread vs. Ten-Year Treasury<sup>1</sup>



<sup>1</sup> Core Real Estate Spread vs. Ten-Year Treasury – Source: Real Capital Analytics, U.S. Treasury, Bloomberg, and Meketa Investment Group. Core Real Estate is proxied by weighted sector transaction based indices from Real Capital Analytics and Meketa Investment Group.



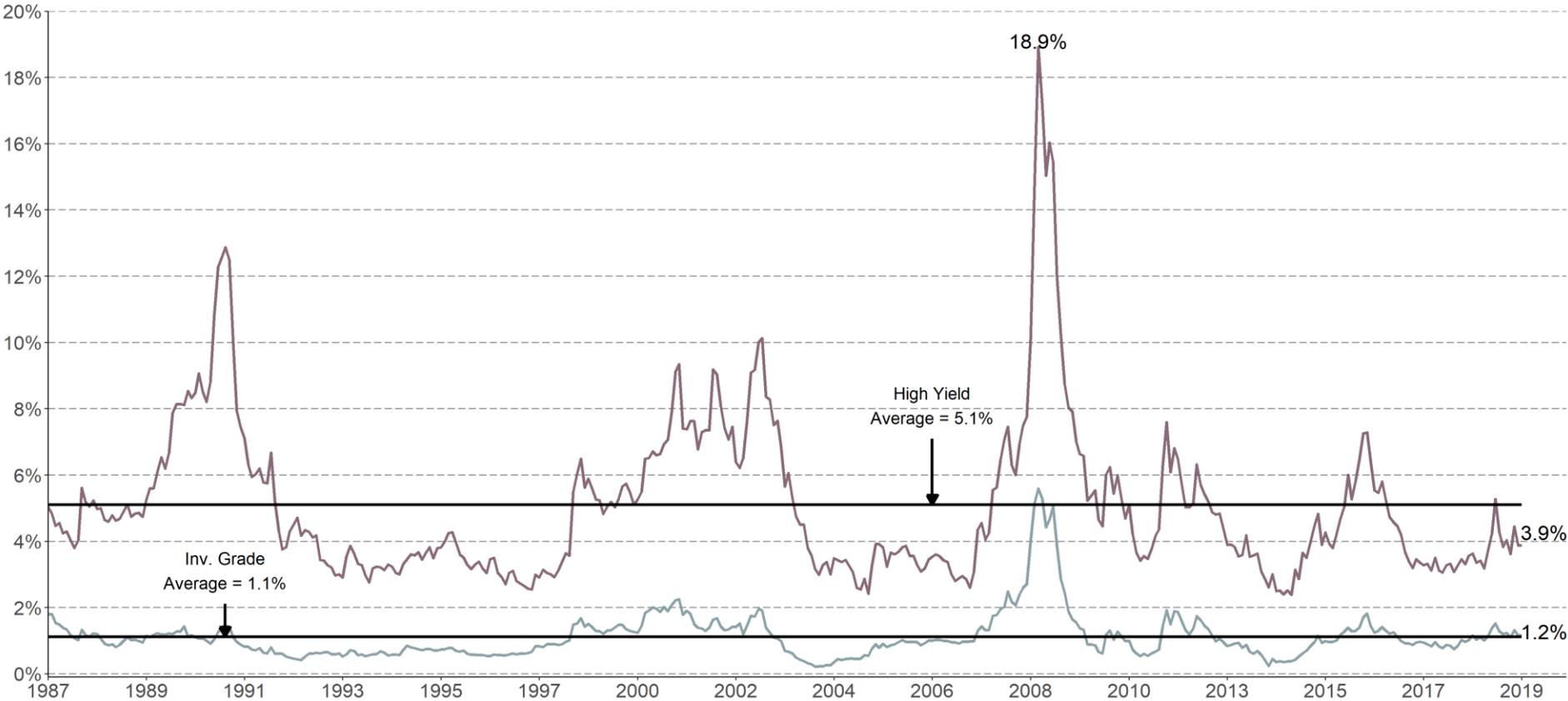
### REITs Dividend Yield Spread vs. Ten-Year Treasury<sup>1</sup>



<sup>1</sup> REITs Dividend Yield Spread vs. Ten-Year Treasury – Source: NAREIT, U.S. Treasury. REITs are proxied by the yield for the NAREIT Equity index.



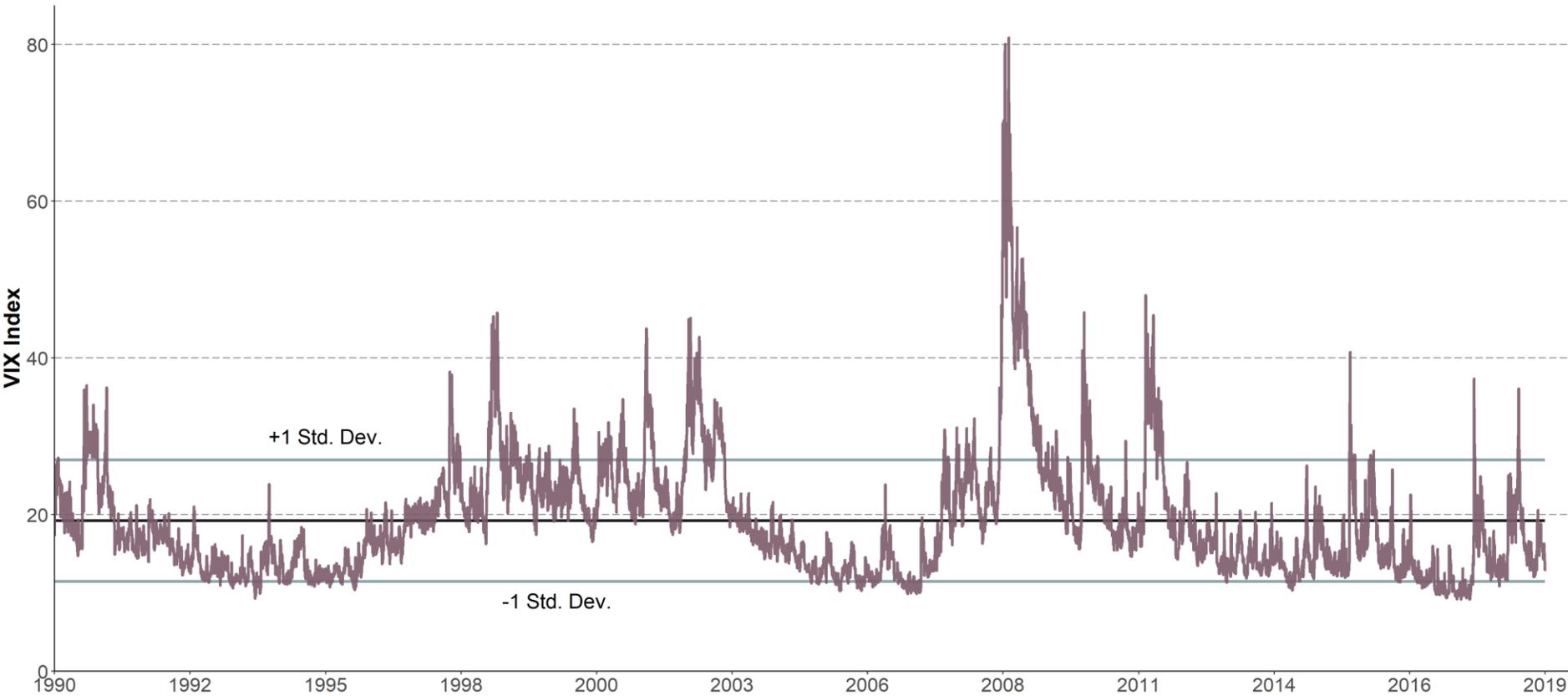
### Credit Spreads<sup>1</sup>



<sup>1</sup> Credit Spreads – Source: Barclays Capital. High Yield is proxied by the Barclays High Yield index and Investment Grade Corporates are proxied by the Barclays U.S. Corporate Investment Grade index.



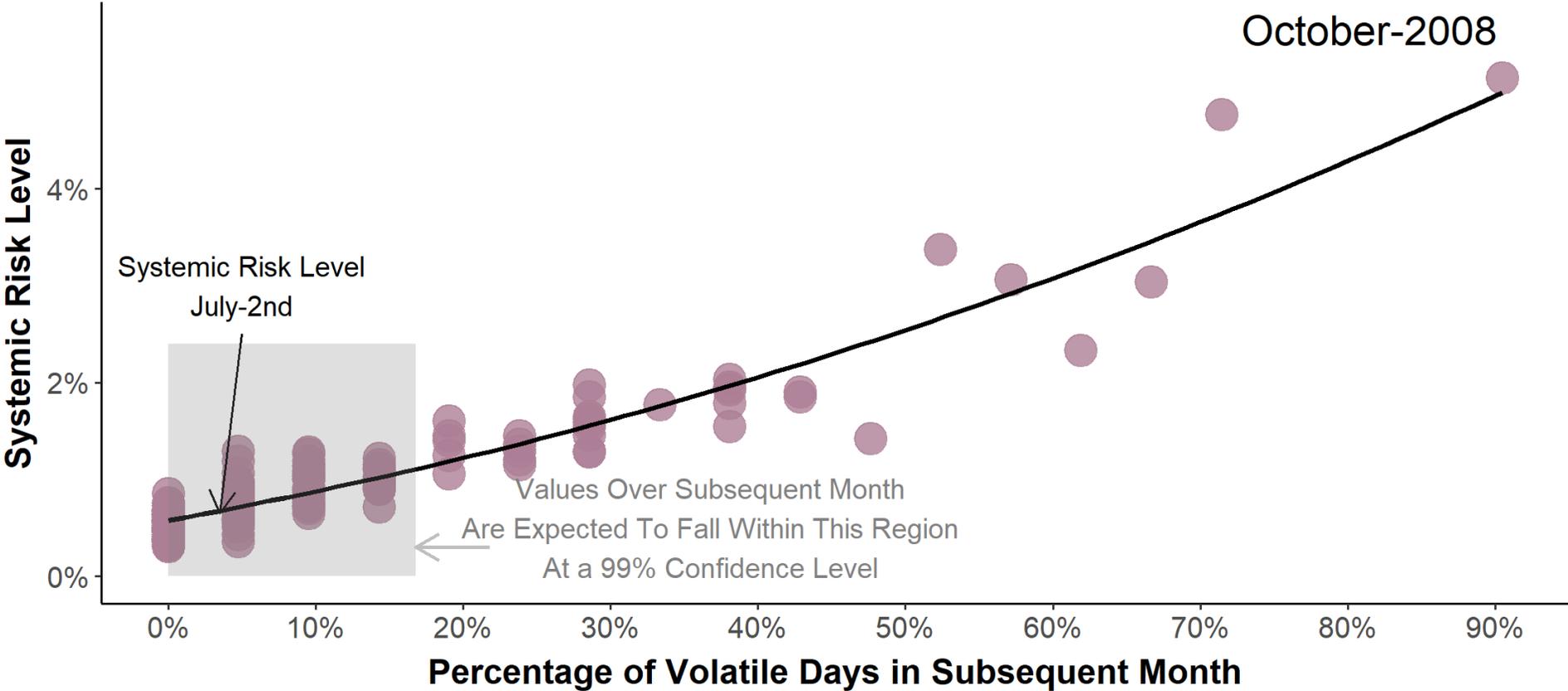
### Equity Volatility<sup>1</sup>



<sup>1</sup> Equity Volatility – Source: Bloomberg, and Meketa Investment Group. Equity Volatility proxied by VIX Index, a Measure of implied option volatility for U.S. equity markets.



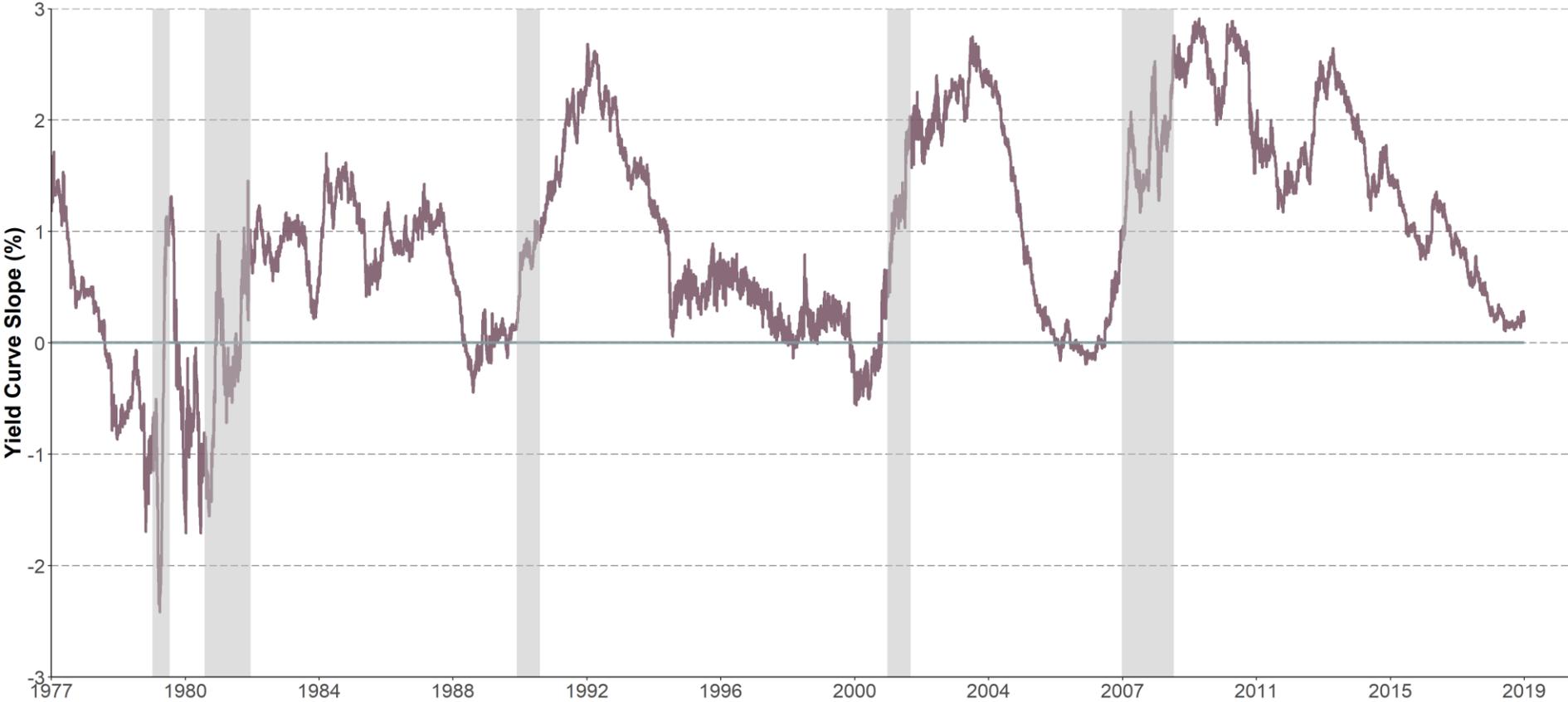
### Systemic Risk and Volatile Market Days<sup>1</sup>



<sup>1</sup> Source: Meketa Investment Group, as of July 2, 2019. Volatile days are defined as the top 10 percent of realized turbulence which is a multivariate distance between asset returns.



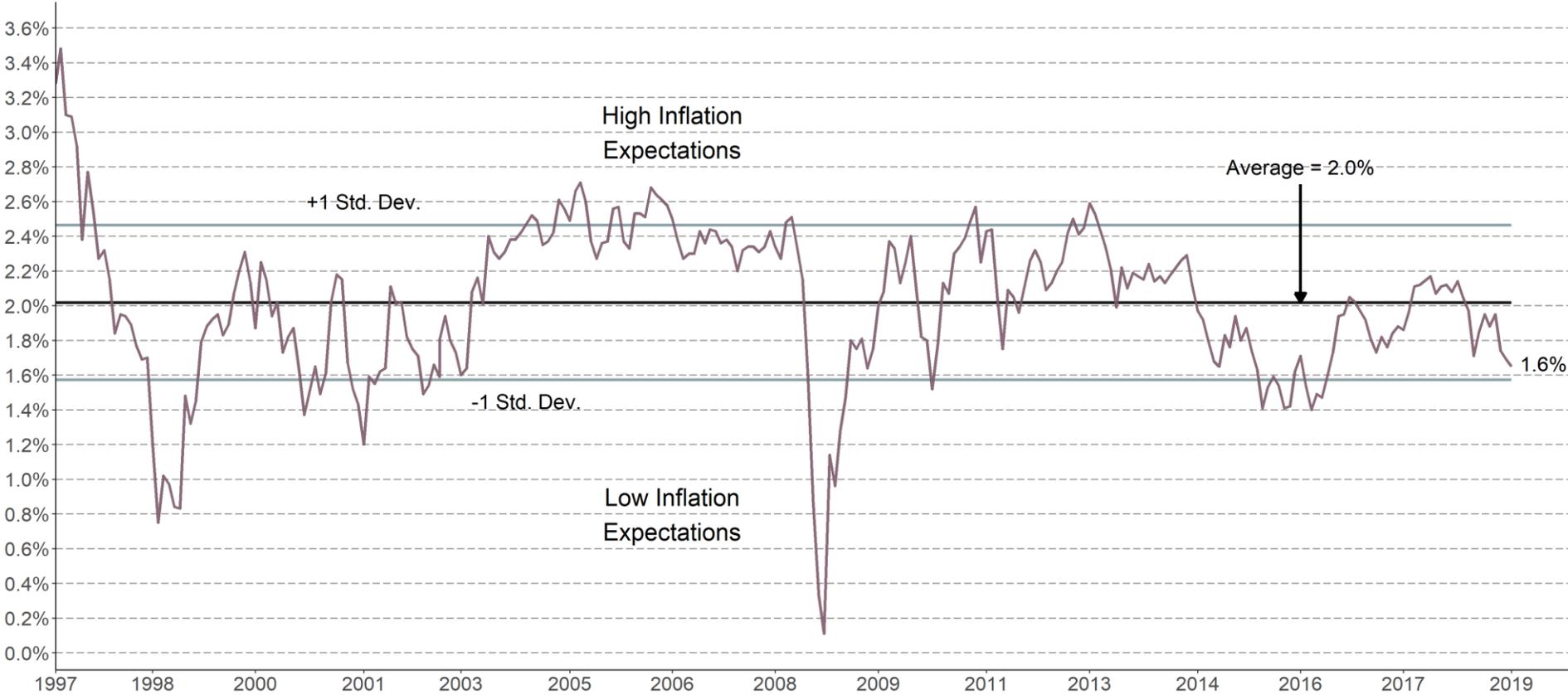
### Yield Curve Slope (Ten Minus Two)<sup>1</sup>



<sup>1</sup> Yield Curve Slope (Ten Minus Two) – Source: Bloomberg, and Meketa Investment Group. Yield curve slope is calculated as the difference between the 10-Year U.S. Treasury Yield and 2-Year U.S. Treasury Yield.



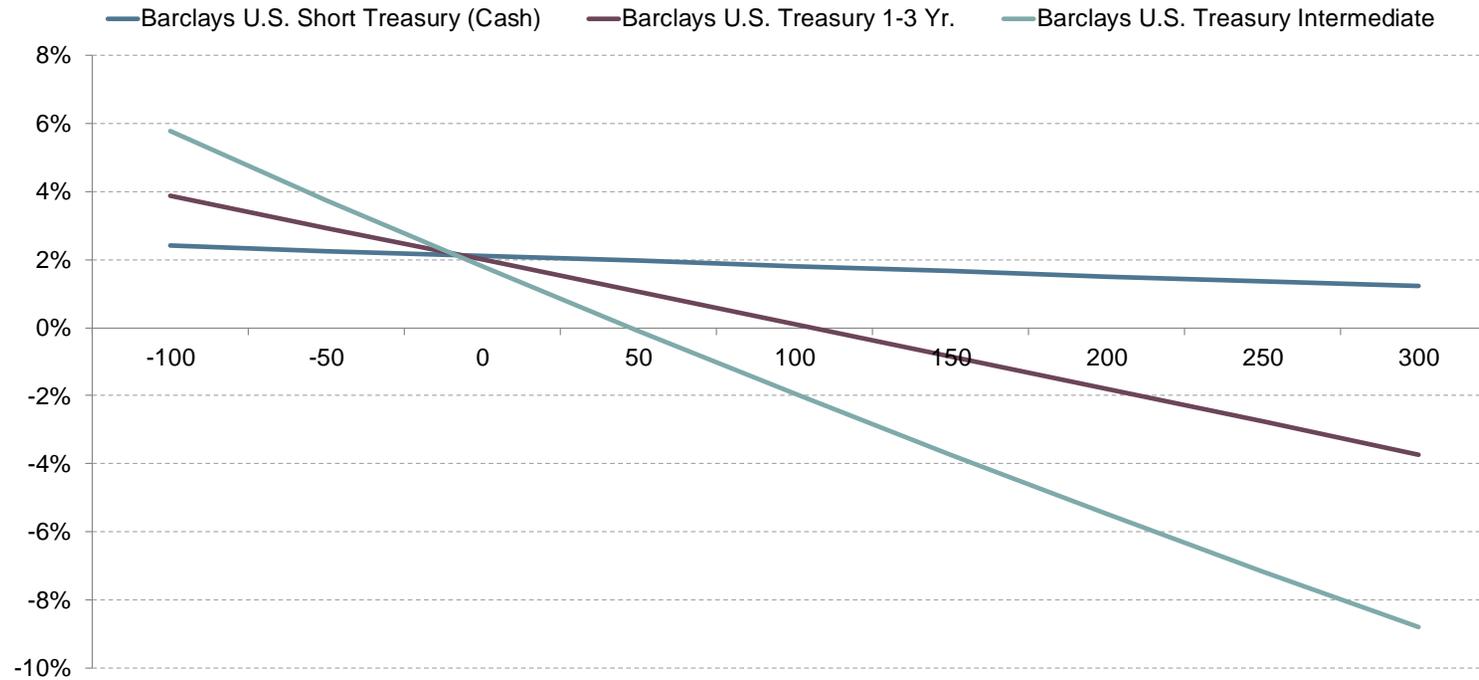
### Ten-Year Breakeven Inflation<sup>1</sup>



<sup>1</sup> Ten-Year Breakeven Inflation – Source: U.S. Treasury and Federal Reserve. Data is as of June 30, 2019 for TIPS and Treasuries. Inflation is measured by the Consumer Price Index (CPI-U NSA).



### Total Return Given Changes in Interest Rates (bps)<sup>1</sup>

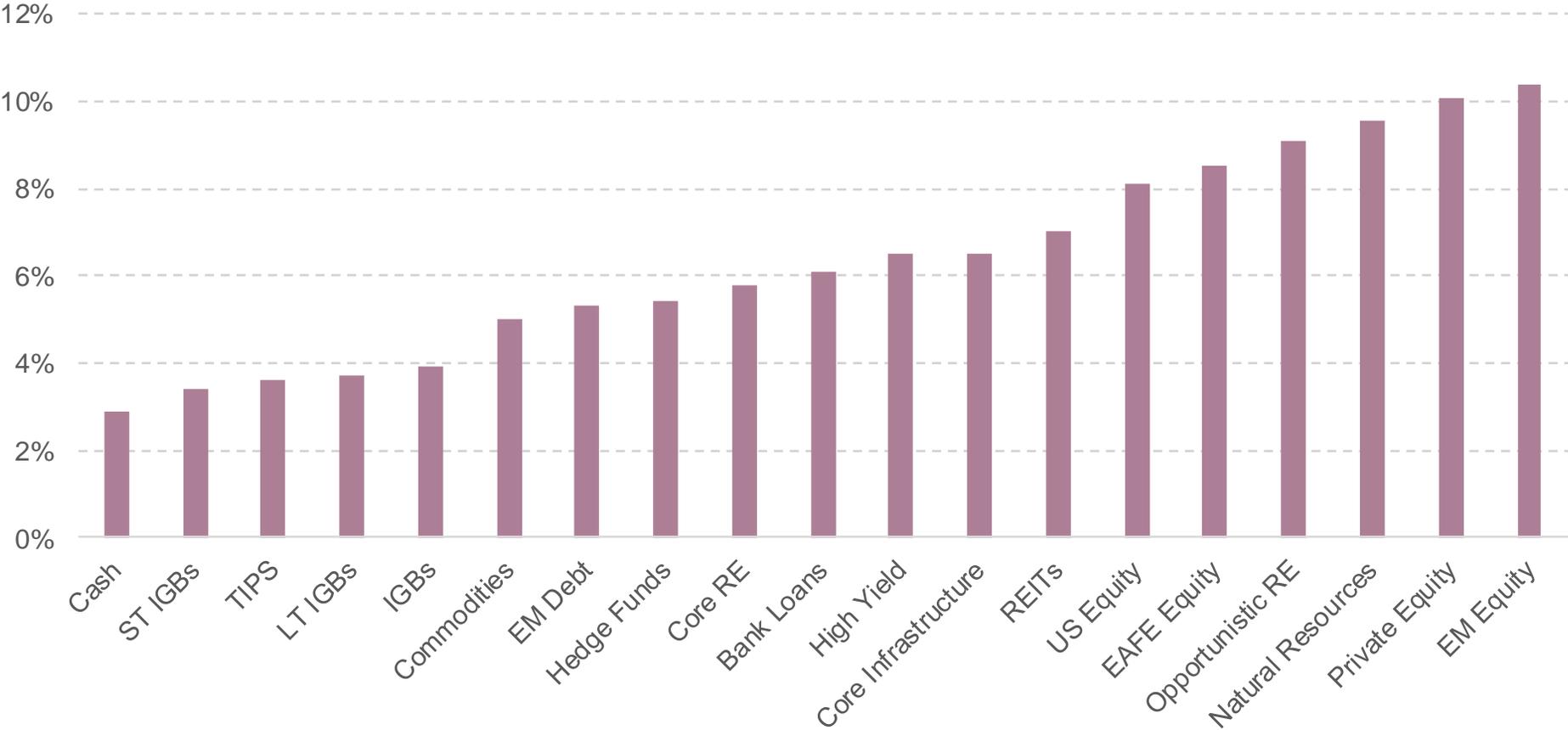


	Total Return for Given Changes in Interest Rates (bps)										Statistics	
	-100	-50	0	50	100	150	200	250	300	Duration	YTW	
Barclays U.S. Short Treasury (Cash)	2.4%	2.3%	2.1%	2.0%	1.8%	1.7%	1.5%	1.4%	1.2%	0.3	2.11%	
Barclays U.S. Treasury 1-3 Yr.	3.9%	2.9%	2.0%	1.1%	0.1%	-0.8%	-1.8%	-2.8%	-3.7%	1.88	2.00%	
Barclays U.S. Treasury Intermediate	5.8%	3.8%	1.8%	-0.1%	-2.0%	-3.7%	-5.5%	-7.2%	-8.8%	3.86	1.80%	
Barclays U.S. Treasury Long	22.5%	12.0%	2.4%	-6.0%	-13.5%	-19.9%	-25.3%	-29.6%	-32.9%	17.99	2.44%	

<sup>1</sup> Data represents the expected total return from a given change in interest rates (shown in basis points) over a 12-month period assuming a parallel shift in rates. Data is as of June 30, 2019 via Barclays, Bloomberg, and Meketa Investment Group.



### Long-Term Outlook<sup>1</sup>



<sup>1</sup> Twenty-year expected returns based upon Meketa Investment Group's 2019 Annual Asset Study.



## Appendix – Data Sources and Explanations

### All Data as of June 30, 2019

- U.S. Equity Cyclically Adjusted P/E on S&P 500 Index – Source: Robert Shiller and Yale University.
- Small Cap P/E (Russell 2000 Index) vs. Large Cap P/E (Russell 1000 Index) - Source: Russell Investments. Earnings figures represent 12-month “as reported” earnings.
- Growth P/E (Russell 3000 Growth Index) vs. Value (Russell 3000 Value Index) P/E - Source: Bloomberg, MSCI, and Meketa Investment Group. Earnings figures represent 12-month “as reported” earnings.
- Developed International Equity (MSCI EAFE ex Japan Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years.
- Emerging Market Equity (MSCI Emerging Markets Index) Cyclically Adjusted P/E – Source: MSCI and Bloomberg. Earnings figures represent the average of monthly “as reported” earnings over the previous ten years.
- Private Equity Multiples – Source: S&P LCD Average EBITDA Multiples Paid in All LBOs
- Core Real Estate Spread vs. Ten-Year Treasury – Source: Real Capital Analytics, U.S. Treasury, Bloomberg, and Meketa Investment Group. Core Real Estate is proxied by weighted sector transaction based indices from Real Capital Analytics and Meketa Investment Group.
- REITs Dividend Yield Spread vs. Ten-Year Treasury – Source: NAREIT, U.S. Treasury. REITs are proxied by the yield for the NAREIT Equity index.
- Credit Spreads – Source: Barclays Capital. High Yield is proxied by the Barclays High Yield index and Investment Grade Corporates are proxied by the Barclays U.S. Corporate Investment Grade index.

**Appendix – Data Sources and Explanations (Continued)**  
**All Data as of June 30, 2019**

- Equity Volatility – Source: Bloomberg, and Meketa Investment Group. Equity Volatility proxied by VIX Index, a Measure of implied option volatility for U.S. equity markets.
- Systemic Risk and Volatile Market Days – Source: Meketa Investment Group. Volatile days are defined as the top 10 percent of realized turbulence, which is a multivariate distance between asset returns.
  - Systemic Risk, which measures risk across markets, is important because the more contagion of risk that exists between assets, the more likely it is that markets will experience volatile periods.
- Yield Curve Slope (Ten Minus Two) – Source: Bloomberg, and Meketa Investment Group. Yield curve slope is calculated as the difference between the 10-Year U.S. Treasury Yield and 2-Year U.S. Treasury Yield.
- Ten-Year Breakeven Inflation – Source: U.S. Treasury and Federal Reserve. Inflation is measured by the Consumer Price Index (CPI-U NSA).

# **Meketa Market Sentiment Indicator**

## Explanation, Construction and Q&A

Meketa has created the MIG Market Sentiment Indicator (MIG-MSI) to complement our valuation-focused 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 appendix explores:

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

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

Meketa’s 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 MIG-MSI helps to address this early-warning bias by measuring whether the markets are beginning to acknowledge key Risk Metrics trends, and / or indicating non-valuation based concerns. Once the MIG-MSI indicates that the market sentiment has shifted, it is our belief that investors should consider significant action, particularly if confirmed by the Risk Metrics. Importantly, Meketa believes the Risk Metrics and MIG-MSI should always be used in conjunction with one another and never in isolation. The questions and answers below highlight and discuss the basic underpinnings of the Meketa MIG-MSI:

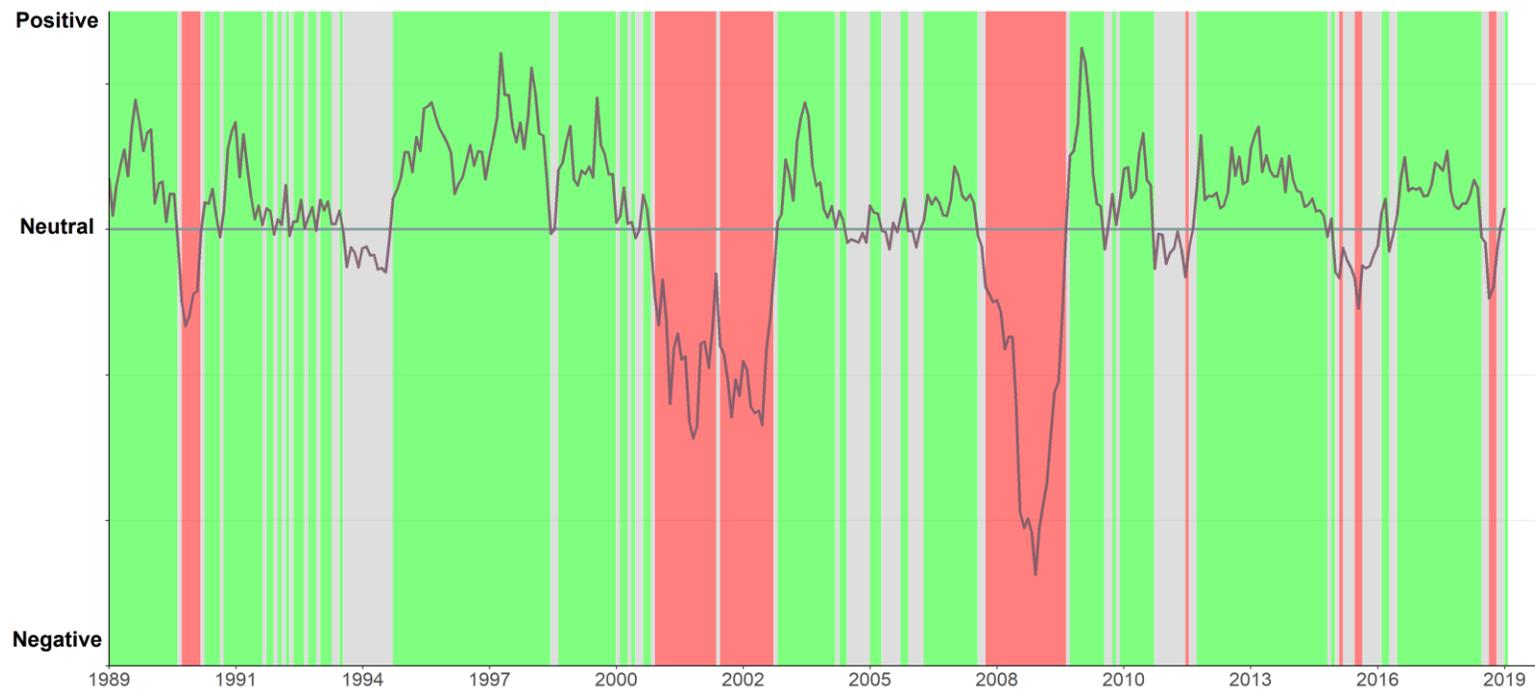
**What is the Meketa Market Sentiment Indicator (MIG-MSI)?**

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

## How do I read the Meketa Market Sentiment Indicator graph?

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

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



## How is the Meketa Market Sentiment Indicator (MIG-MSI) Constructed?

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

- Stock return momentum: Return momentum for the S&P 500 Equity Index (trailing 12-months)
- Bond yield spread momentum: Momentum of bond yield spreads (excess of the measured bond yield over the identical duration U.S. Treasury bond yield) for corporate bonds (trailing 12-months) for both investment grade bonds (75% weight) and high yield bonds (25% weight).
- Both measures are converted to Z-scores and then combined to get an “apples to apples” comparison without the need of re-scaling.

The black line reading on the graph is calculated as the average of the stock return momentum measure and the bonds spread momentum measure.<sup>1</sup> The color reading on the graph is determined as follows:

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

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<sup>1</sup> Momentum as we are defining it is the use of the past behavior of a series as a predictor of its future behavior.  
“Time Series Momentum” Moskowitz, Ooi, Pedersen, August 2010. <http://pages.stern.nyu.edu/~lpederse/papers/TimeSeriesMomentum.pdf>

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

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



# MEMORANDUM

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**To:** Oakland Police and Fire Retirement System (OPFRS)  
**From:** David Sancewich Meketa Investment Group  
**Date:** July 31, 2019  
**Re:** International Equity Manager Search Finalists

This memo provides OPFRS with a summary of the International Equity Manager Request-For-Proposal (RFP) process and provides a recommended list of finalist managers for further consideration.

## RECOMMENDATION

Meketa recommends the following International Equity managers as finalists to be interviewed by OPFRS Investment Committee, based on our review of the managers' RFP responses.

### Recommended Finalists<sup>1</sup>

---

1. GQG
    - International Equity
  2. Strategic Growth Advisors
    - International Equity Strategy
  3. William Blair
    - International Leaders
- 

Upon completion of the search process, Meketa recommends that the Investment Committee select one manager. The new international equity manager will be allocated a total of approximately \$34 million.

## SUMMARY

In the first quarter of 2019, an RFP was issued on behalf of OPFRS. As a result of the RFP, Meketa received a total of 54 responses for the International equity mandate. Meketa evaluated the RFPs and analyzed performance, risk data, and other qualitative factors from each of the responding firms. Based on qualitative and quantitative analysis, Meketa narrowed the field to three candidates to present to the OPFRS Investment Committee.

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<sup>1</sup> Alphabetical

**MANAGER SEARCH PROCESS**

Meketa received responses from the 54 firms listed in the table below.

OPFRS International Equity Manager Search Respondents		
Acadian Asset Management	First Eagle	Morgan Stanley
Addenda Capital	Fisher Investments	Neuberger Berman
Affinity Investment Advisors	Foresight Global Investors	Nikko Asset Management
Allianz Global Investors	Franklin Resources	Parametric Portfolio Associates
Ariel Investments	GQG Partners	Polen Capital Management
Artisan Partners	GW&K Investment Management	Pyrford International
Attucks Asset Management	Hansberger Growth Investors	QMA
Axiom Investors	Harding Loevner	Rockefeller & Co
Baillie Gifford & Co	Hardman Johnston Global Advisors	Schroder Investment Management
Barings	Hexavest	Smith Asset Management Group
Blackcrane Capital	HighVista Strategies	Sprucegrove Investment Management
BMO Global Asset Management	Janus Henderson Investors	Strategic Global Advisors (SGA)
Boston Partners Global Investors	Jennison Associates	Sustainable Growth Advisers
Brandywine	Kopernik Global Investors	Tocqueville Asset Management
Capital Group	Landry Investment Management	Vanguard
Dimensional Fund Advisors	Lazard Asset Management	Vontobel Asset Management
Dundas Partners	Martin Investment Management	Westwood Global Investments
Fiera Capital	Metis Global Partners	William Blair Investment Management

To narrow the list to the ten managers in the table below, respondents were removed for the following reasons:

- Consistency with scope of manager search
- Material personnel turnover
- Organizational risk
- Level of conviction in manager strategy/process.
- Track record and consistency of risk-adjusted returns

The 10 firms that scored the highest on the quantitative screen are listed below in alphabetical order.

Manager	Headquarters	Strategy
Acadian Asset Management	Boston, MA	All Country World ex-U.S. Equity
Brandywine Global Investment Management	Philadelphia, PA	International Opportunistic Equity
Blackcrane Capital	Bellevue, WA	Blackcrane Overseas Alpha
Hardman Johnston Global Advisors	Stamford, CT	International Equity
GQG Partners	Fort Lauderdale, FL	GQG International Equity
Kopernik Global Investors	Tampa, FL	Kopernik International
Lazard Asset Management	New York, NY	ACW ex-U.S. Equity Advantage
Nikko Asset Management America	Tokyo, Japan	Nikko AM International Select Equity
Strategic Global Advisors (SGA)	Newport Beach, CA	International ACWI ex-US Equity
William Blair Investment Management	Chicago, IL	International Leaders

The remaining 10 firms were then analyzed on a quantitative and qualitative basis to determine a recommended list of finalists. The table below is sorted in order of the firms who scored the highest in Meketa's overall rank. The major areas of focus for each considered manager were:

**Organization:** Focuses on the capacity of the firm to provide the required services. Also includes consideration of issues that may impact a firm's operational stability, such as litigation brought against firm.

**Investment Professionals:** Explores the experience, capacity, and depth of firm's professionals, particularly with respect to the mandate under consideration.

**Investment Strategy:** Review of investment philosophy, approach, strategy, and risk management to ensure they are consistent with the considered mandate.

**Client Base/Services:** Seeks to identify whether the manager has experience servicing mandates similar in size and type to the one considered by OPFRS.

**Quantitative Analysis of Historical Performance and Characteristics:** An analysis of actual representative portfolio performance and characteristics to determine whether actual management of the portfolio has been consistent with results expected under the considered mandate.

**Fees:** The costs of implementing the mandate deserve separate consideration and can vary substantially across a subset of candidates. Fees were computed based on an assumed mandate size of \$30 million.

All three of the recommended finalists were identified as possessing the abilities to provide OPFRS with the appropriate services.

**“SEMI-FINALIST” MANAGER RATINGS**

<b>Manager</b>	<b>Headquarters</b>	<b>Strategy</b>	<b>Rating</b>
Acadian Asset Management	Boston, MA	All Country World ex-U.S. Equity	Highly Advantageous
<b>QQG Partners*</b>	Fort Lauderdale, FL	QQG International Equity	Highly Advantageous
<b>William Blair Investment Management*</b>	Chicago, IL	International Leaders	Highly Advantageous
Hardman Johnston Global Advisors	Stamford, CT	International Equity	Advantageous
Lazard Asset Management	New York, NY	ACW ex-U.S. Equity Advantage	Advantageous
Nikko Asset Management America	Tokyo, Japan	Nikko AM International Select Equity	Advantageous
<b>Strategic Global Advisors (SGA)*</b>	Newport Beach, CA	International ACWI ex-US Equity	Advantageous
Brandywine Global Inv. Mgt.	Philadelphia, PA	International Opportunistic Equity	Not Advantageous
Blackcrane Capital	Bellevue, WA	Blackcrane Overseas Alpha	Not Advantageous
Kopernik Global Investors	Tampa, FL	Kopernik International	Not Advantageous

\*Recommended Finalists

### MANAGER SUMMARY

Based on Meketa's evaluations of the RFP's, the following three managers were identified as strong candidates: GQG, Strategic Growth Advisors, and William Blair. A summary of the organization and investment process of each recommended interview finalist is provided below (presented in alphabetical order).

#### GQG

Firm Overview	
Firm Location	Fort Lauderdale, FL
Firm Inception	2016
Ownership Structure	95% Employee Owned
Assets Under Management (Firm)	\$21.4 billion
Strategy Inception	June 2016
Assets Under Management (Strategy)	\$5.6 billion

GQG Partners is a boutique asset management firm based in Fort Lauderdale. The firm manages concentrated, benchmark-agnostic global equity portfolios. GQG was founded by Rajiv Jain, former CIO and Co-CEO of Vontobel Asset Management. The firm is 95% employee-owned by 10 current GQG employees. The remaining 5% of the stock is held by Pacific Current Group.

Though GQG Partners is a relatively new organization, the investment team is fully-staffed and the firm has successfully grown its total assets under management. GQG employs 56 individuals, 12 of whom comprise the investment team. 44 individuals are in non-investment roles. As of March 2019, the firm managed \$21.4 billion in assets across three products, with \$5.6 billion in the International Equity strategy

The GQG investment team is led by Chairman and CIO Rajiv Jain. Mr. Jain makes all final decisions on the International Equity strategy. He has 28 years of investment experience. During his tenure at Vontobel, Mr. Jain served as lead portfolio manager on the Emerging Markets strategy from 1997 to 2016, and was the lead portfolio manager on the Global and International Equity strategies from 2002 to 2016. Additionally, Mr. Jain served as CIO and Co-CEO at Vontobel Asset Management beginning in January 2002.

Mr. Jain is supported by nine analysts and two traders. Though analysts are afforded autonomy in the company analysis process, Mr. Jain is involved throughout all stages of research. He considers himself to be an analyst first and portfolio manager second.

### Strategic Growth Advisors

Firm Overview	
Firm Location	Newport Beach, CA
Firm Inception	2005
Ownership Structure	57% Employee Owned, 43% held by Nile Capital Group
Assets Under Management (Firm)	\$4.8 billion
Strategy Inception	July 2015
Assets Under Management (Strategy)	\$464 million

Strategic Global Advisors is a majority employee- and woman-owned asset management firm based in Newport Beach, CA. The firm was founded in November 2005 by Cynthia Tusan and Gary Baierl. As of March 2019, Cynthia Tusan and Gary Baierl own 39% and 15% of the firm, respectively. The remaining balance is held by Senior Portfolio Manager Mark Wimer (3.5%), and Nile Capital Group (43%), a women owned private equity firm.

The firm manages \$4.8 billion across a variety of equity strategies, with \$464 million in the International ACWI ex-US Equity strategy. The strategy in scope was recently launched in July 2015.

The investment team is led by CIO Gary Baierl. Prior to starting SGA in 2005 with Cynthia Tusan, Mr. Baierl worked at Causeway Capital Management as the Director of Quantitative Research where he developed the quantitative screens and the risk model used by the firm in their stock selection and portfolio construction process.

## William Blair

Firm Overview	
Firm Location	Chicago, IL
Firm Inception	1935
Ownership Structure	100% Employee-Owned
Assets Under Management (Firm)	\$54.5 billion
Strategy Inception	February 2003
Assets Under Management (Strategy)	\$5.1 billion

William Blair was founded in 1935 by William McCormick Blair and is an independent, employee-owned investment banking and asset management firm. The firm has 316 employees within their investment management business, of which 96 are investment professionals.

As of March 2019, William Blair & Company managed \$54.5 billion across domestic and international equity, fixed income, balanced, and alternative strategies, with \$5.1 billion in the International Leaders strategy.

Kenneth McAtamney and Simon Fennel serve as the co-portfolio managers and final decision makers on the strategy. Mr. McAtamney joined William Blair in 2005, and has 29 years of investment experience. He previously worked as an analyst, and subsequently as the firm's co-director of research, before becoming a global and international equity portfolio manager. He originally joined the International Leaders portfolio management team in 2012, alongside George Greig, who retired in 2013. Mr. Fennel first joined William Blair as an analyst in 2011. He became a portfolio manager alongside Mr. McAtamney on International Leaders in 2013. Mr. Fennel has 27 years of experience in the investment industry.

The co-portfolio managers are supported by William Blair's Fundamental Research Team, which is shared across the firm's global and international equity strategies. The team consists of 15 global sector-focused research analysts, one investment strategist, one thematic strategist, and four quantitative analysts. The co-portfolio managers and analysts work closely together to manage idea generation.

**Candidate Performance:**

	<b>SGA</b>	<b>GQG Partners<sup>2</sup></b>	<b>William Blair</b>	<b>MSCI ACWI EX-U.S. IMI</b>
<b>Trailing Period Returns (%):</b>				
1 Year	-4.8	3.6	0.2	-5.0
3 Years	7.8	12.5	10.5	7.9
5 Years	NA	8.0	7.0	2.7
7 Years	NA	8.6	7.9	4.9
10 Years	NA	12.4	13.2	9.2
<b>Calendar Year Returns (%):</b>				
2018	-15.3	-6.2	-12.3	-14.8
2017	28.7	31.6	30.8	27.8
2016	0.9	4.8	1.3	4.4
2015	NA	2.9	6.2	-4.6
2014	NA	3.3	-1.7	-3.9
2013	NA	7.2	18.4	15.8
2012	NA	20.3	19.7	17.0
2011	NA	1.0	-8.5	-14.3
2010	NA	12.6	23.7	12.7
2009	NA	25.4	41.8	43.6
2008	NA	-42.0	-54.1	-46.0

DS/hs

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<sup>2</sup> GQG's performance prior to June 2016 is from the Vontobel International Equity strategy. Rajiv Jain was the lead portfolio manager on the Vontobel Asset Management International Equity strategy from January 2002 to May 2016.

**City of Oakland Police and Fire Retirement System**  
**Preliminary 2Q 2019 Performance**  
As of 6/30/2019, gross of fees

Segment Manager	Benchmark	Style	2Q 2019	1-year	3-year	5-year	Since Inception <sup>8</sup>	Inception Date <sup>9</sup>
<b>Total Plan (Gross of Fees)</b>			<b>3.3</b>	<b>6.3</b>	<b>10.7</b>	<b>7.1</b>	---	---
<b>Total Plan (Net of Fees)<sup>10</sup></b>			<b>3.2</b>	<b>5.9</b>	<b>10.4</b>	<b>6.7</b>	---	---
<b>Policy Benchmark<sup>1</sup></b>			<b>3.5</b>	<b>5.5</b>	<b>9.5</b>	<b>6.8</b>	---	---
<b>Public Equity</b>			<b>4.2</b>	<b>6.0</b>	<b>13.5</b>	<b>8.8</b>	---	---
<b>Public Equity Benchmark<sup>4</sup></b>			<b>3.9</b>	<b>7.3</b>	<b>13.0</b>	<b>8.6</b>	---	---
<b>Domestic Equity</b>			<b>4.0</b>	<b>7.1</b>	<b>14.3</b>	<b>10.1</b>	---	---
<b>Russell 3000 (blend)<sup>5</sup></b>			<b>4.1</b>	<b>9.0</b>	<b>14.0</b>	<b>10.2</b>	---	---
<b>Large Cap</b>			<b>4.6</b>	<b>10.5</b>	<b>14.5</b>	<b>10.7</b>	---	---
	Northern Trust	Large Cap Core	4.3	10.1	14.2	10.5	13.9	5/2010
	Russell 1000	Large Cap Core	4.3	10.0	14.2	10.5	13.9	---
<b>Midcap</b>			<b>5.7</b>	<b>12.0</b>	<b>17.1</b>	<b>11.8</b>	---	---
	Earnest Partners	Mid Cap Core	5.7	12.0	17.1	11.8	9.9	3/2006
	Russell Mid Cap	Mid Cap Core	4.1	7.8	12.2	8.6	8.6	---
<b>Small Cap</b>			<b>2.6</b>	<b>-8.7</b>	<b>12.0</b>	<b>5.8</b>	---	---
	NWQ	Small Cap Value	2.2	-10.7	8.9	5.5	6.9	1/2006
	Russell 2000 Value	Small Cap Value	1.4	-6.2	9.8	5.4	6.2	---
	Rice Hall James	Small Cap Growth	2.9	-7.1	---	---	10.4	7/2017
	Russell 2000 Growth	Small Cap Growth	2.8	-0.5	---	---	10.1	---
<b>Defensive Equity</b>			---	---	---	---	---	---
	SPI	Long/Short Large Cap Core	---	---	---	---	---	6/2019
	S&P 500	Long/Short Large Cap Core	---	---	---	---	---	---
<b>International Equity</b>			<b>5.0</b>	<b>2.6</b>	<b>11.2</b>	<b>4.2</b>	---	---
<b>MSCI ACWI Ex US (blend)<sup>6</sup></b>			<b>3.2</b>	<b>1.8</b>	<b>9.9</b>	<b>2.7</b>	---	---
	Hansberger	International	6.3	2.2	12.8	5.6	4.8	1/2006
	MSCI ACWI Ex US	ACWI ex US	3.2	1.8	9.9	2.7	4.1	---
	Fisher	International	4.5	3.8	11.2	4.2	4.8	3/2011
	MSCI ACWI Ex US	ACWI ex US	3.2	1.8	9.9	2.7	3.9	---
	State Street Global	International	3.9	1.4	9.5	2.6	7.2	7/2002
	MSCI EAFE	Developed Markets	4.0	1.6	9.7	2.7	7.2	---
<b>Fixed Income</b>			<b>3.0</b>	<b>8.0</b>	<b>3.7</b>	<b>3.7</b>	---	---
<b>BC Universal (blend)<sup>7</sup></b>			<b>3.1</b>	<b>8.1</b>	<b>2.8</b>	<b>3.2</b>	---	---
	Reams	Core Plus	3.0	8.1	2.8	3.4	5.6	1/1998
	Bbg BC Universal (blend) <sup>7</sup>	Core Plus	3.1	8.1	2.8	3.2	5.0	---
	Ramirez	Core	3.3	8.5	---	---	4.8	1/2017
	Bbg BC Aggregate	Core	3.1	7.9	---	---	3.8	---
	DDJ	High Yield/Bank Loans	0.4	3.1	9.0	---	6.2	1/2015
	ICE BofAML US High Yield	High Yield/Bank Loans	2.6	7.6	7.5	---	5.9	---
<b>Crisis Risk Offset</b>			<b>-1.5</b>	---	---	---	---	---
	Parametric	Risk Premia/Trend Following	-0.7	---	---	---	-5.4	9/2018
	SG Multi Alt Risk Premia	Risk Premia/Trend Following	-0.5	---	---	---	1.1	---
	Vanguard	Long Duration	---	---	---	---	---	6/2019
	Bbg BC US Govt FA	Long Duration	---	---	---	---	---	---
<b>Covered Calls</b>			<b>3.3</b>	<b>6.9</b>	<b>9.9</b>	<b>7.8</b>	<b>8.2</b>	3/2014
<b>CBOE BXM</b>			<b>3.3</b>	<b>3.2</b>	<b>7.4</b>	<b>6.0</b>	<b>6.3</b>	---
	Parametric BXM	Passive Covered Calls	2.1	5.1	8.0	6.6	6.9	3/2014
	Parametric DeltaShift	Active Covered Calls	4.5	8.8	11.8	9.5	10.0	3/2014

Source of Blended Benchmarks: Meketa Performance Group

1. Starting on 10/1/2018, Policy Benchmark = 40% Russell 3000, 12% MSCI ACWI ex U.S., 33% BbgBC Universal, 5% CBOE BXM, 6.7% SG Multi-Asset Risk Premia, 3.3% BbgBC US Long Treasury

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

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

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

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

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

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

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

**City of Oakland Police and Fire Retirement System**  
**Preliminary Market Value Summary**  
As of 6/30/2019

Manager	Style	Market Value \$(000)	Target	Actual <sup>1</sup>	Difference
<b>Total Plan</b>		<b>\$388,738</b>	<b>100.0%</b>	<b>100.0%</b>	<b>0.0%</b>
<b>Public Equity</b>		<b>\$206,469</b>	<b>52.0%</b>	<b>53.1%</b>	<b>1.1%</b>
<b>Domestic Equity</b>		<b>\$159,118</b>	<b>40.0%</b>	<b>40.9%</b>	<b>0.9%</b>
<b>Large Cap Equity</b>					
Northern Trust	Large Cap Core	86,712	20.0%	22.3%	2.3%
<b>Mid Cap Equity</b>					
Earnest Partners	Mid Cap Core	32,591	8.0%	8.4%	0.4%
<b>Small Cap Equity</b>					
NWQ	Small Cap Value	9,446	3.0%	2.4%	-0.6%
Rice Hall James	Small Cap Growth	12,534	3.0%	3.2%	0.2%
<b>Defensive Equity</b>					
SPI	Long/Short Equity	17,835	6.0%	4.6%	-1.4%
<b>International Equity</b>		<b>\$47,351</b>	<b>12.0%</b>	<b>12.2%</b>	<b>0.2%</b>
SSgA	International	13,684	3.6%	3.5%	-0.1%
Hansberger	International	16,776	4.2%	4.3%	0.1%
Fisher	International	16,891	4.2%	4.3%	0.1%
<b>Fixed Income</b>		<b>\$97,683</b>	<b>31.0%</b>	<b>25.1%</b>	<b>-5.9%</b>
Reams	Core Plus	24,345	12.0%	6.3%	-5.7%
Ramirez	Core	73,338	19.0%	18.9%	-0.1%
<b>Credit</b>		<b>\$7,960</b>	<b>2.0%</b>	<b>2.0%</b>	<b>0.0%</b>
DDJ	High Yield/Bank Loans	7,960	---	2.0%	---
<b>Covered Calls</b>		<b>\$32,346</b>	<b>5.0%</b>	<b>8.3%</b>	<b>3.3%</b>
Parametric (Eaton Vance)	Active/Replication	32,346	---	8.3%	---
<b>Crisis Risk Offset</b>		<b>\$37,722</b>	<b>10.0%</b>	<b>9.7%</b>	<b>-0.3%</b>
Vanguard	Long Duration	13,422	3.3%	3.5%	0.1%
Parametric	Trend/Risk Premia	24,300	6.7%	6.3%	-0.4%
<b>Total Cash<sup>2</sup></b>		<b>\$6,558</b>	<b>0.0%</b>	<b>1.7%</b>	<b>1.7%</b>

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

2. Preliminary estimated balance includes cash balance with City Treasury and Custodian Cash account as of 6/30/2019.



# MEMORANDUM

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**To:** Oakland Police and Fire Retirement System (OPFRS)  
**From:** Meketa Investment Group  
**Date:** 7/31/2019  
**Re:** State Street Global Advisors Overview

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**Manager:** State Street Global Advisors

**Inception Date:** August, 2002

**OPFRS AUM (6/30/2019):** \$13.7 million

**Strategy:** Passive MSCI EAFE

**Firm-wide AUM (3/31/2019):** \$2,805 billion

**Benchmark:** MSCI EAFE Index

**Strategy AUM (3/31/2019):** \$55.4 billion

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## Summary

At the May 2019 Board meeting, the Board requested a brief overview of State Street Global Advisors (SSgA). SSgA has served as Oakland PFRS's passive developed markets international equity manager since August 2002, which is currently 4.2% of the overall OPFRS portfolio. During the June 2019 Board meeting, the Board also requested possible short-term replacement products for the developed international equity allocation.

## Background

### History

State Street Global Advisors (SSgA) was founded in 1978 as the Asset Management Division of State Street bank and Trust Company, which has been an incorporated Massachusetts trust company since 1891. SSgA was established to provide institutional investment management services focused on equity indexing and cash. Coincident with SSgA's founding, the firm launched one of the industry's first S&P 500 index funds. In 1995, all of State Street's investment management services were re-organized under SSgA. Since then, SSgA has collaborated with many of the world's largest and most sophisticated investors to become one of the largest asset managers globally with a firm-wide AUM of approximately \$2.8 trillion.

### Organizational Changes

There have been minimal changes to SSgA's passive strategy portfolio management team over the past several years. One major change occurred at the end of 2016 when the Co-Head of Passive Equity Strategies at SSgA, John Tucker, left the team for a new role in the firm. Outside of that change, there has been minimal turnover within SSgA passive management team while Michael Feehily, the designated primary manager for the strategy, has been with the portfolio since the beginning of 2009. At the firm level, Jay Hooley, CEO of State Street, retired earlier this year, but will remain in his role as chairman through 2019. Ron O'Hanley was appointed to succeed Mr. Hooley. Lastly, Cyrus Taraporevala replaced Mr. O'Hanley as president and CEO of State Street Global Advisors.



# MEMORANDUM

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## Investment Process, per manager

The MSCI EAFE index strategy is managed using a "passive" or "indexing" investment approach, by which State Street Global Advisors attempts to replicate, before expenses, the performance of the Index. The Strategy will not necessarily own all of the securities included in the Index.

The Strategy may attempt to invest in the securities comprising the Index, in the same proportions as they are represented in the Index. However, due to the diverse composition of securities in the Index and the fact that many of the securities comprising the Index may be unavailable for purchase, it may not be possible for the Strategy to purchase some of the securities comprising the Index. In such a case, State Street will select securities for the Strategy comprising a portfolio that State Street expects will provide a return comparable to that of the Index.

## Possible Replacement Vehicles

The following table contains a list of several passive ETF funds that provide similar exposure to the MSCI EAFE index as the current SSgA portfolio.

Firm	Product	Benchmark	Ticker	AUM (\$bil)	Expense (bps)
<b>SSgA</b>	MSCI EAFE Index	MSCI EAFE NR	---	55.4	10
<b>Vanguard</b>	FTSE Developed Markets ETF	FTSE Developed ex US	VEA	72.7	5
<b>BlackRock</b>	iShares MSCI EAFE ETF	MSCI EAFE NR	EFA	60.9	31
<b>Schwab</b>	International Equity ETF	FTSE Developed ex US	SCHF	18.4	6



## MEMORANDUM

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**To:** Oakland Police and Fire Retirement System (OPFRS)  
**From:** David Sancewich, Meketa Investment Group (MIG)  
**Date:** July 31, 2019  
**Re:** Crisis Risk Offset (CRO) Long Duration - Options

### SUMMARY AND RECOMMENDATION:

At the January 2019 OPFRS meeting, the Board approved a recommendation from PCA/MIG to research and utilize one of the plan's current investment managers for its Long Duration component of CRO. Following the review of OPFRS current investment managers, four viable options are available for the OPFRS board to consider, as listed on the following page. *Meketa recommends that OPFRS either utilize Northern Trust to manage the Long Duration allocation, specifically the securities lending portfolio, or conduct an RFI for a new investment manager to help manage the overall exposure of OPFRS assets to one investment manager.*

### DISCUSSION

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

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

LONG TERM ASSET ALLOCATION, PERIOD ENDING 6/30/2019

Asset Class	6/30/2019 Actual	Long-Term Targets
Cash	2	0
Fixed Income	25	31
Credit	2	2
Covered Calls	8	5
Domestic Equity	41	40
International Equity	12	12
CRO	9	10

Unlike the two other components of CRO (Trend Following and Alternative Risk Premia), the Long Duration segment of the asset class can be managed by most reputable fixed income investment firms and is relatively inexpensive to manage.

LONG DURATION IMPLEMENTATION OPTIONS

Manager	Strategy	Implementation	Fees (bps)	% of OPFRS Portfolio <sup>1</sup>
Northern Trust	Long Treasury - NL <sup>2</sup>	Passive	3	25.8
Northern Trust	Long Treasury - SL <sup>3</sup>	Passive	2	25.8
Ramirez	Various	Active	10	22.4
Reams	Various	Active	5	9.8
SSgA	Long Treasury	Passive	4	7.0

DS/hs

<sup>1</sup> Total OPFRS allocation if funded with Long Duration allocation.

<sup>2</sup> NL - Non Lending.

<sup>3</sup> SL - Securities Lending.



## MEMORANDUM

**To:** Oakland Police and Fire Retirement System (OPFRS)  
**From:** David Sancewich, Sean Copus, CFA – Meketa Inv. Group  
**Date:** July 31, 2019  
**Re:** 2019 Ongoing Strategic Investment Agenda

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

### 2019 Preliminary Investment Project Agenda

Expected Completion Date	Task
August 2019	<ul style="list-style-type: none"><li>• PCA Performance Report (2Q 2019)</li><li>• <b>International Equity Search: Finalist Interviews</b></li></ul>
September 2019	<ul style="list-style-type: none"><li>• TBD: Educational Topic</li><li>• Manager Update: <b>Ramirez</b></li><li>• Asset Class Review: <b>Fixed Income</b></li><li>• Cash Flow Report (4Q2019)</li><li>• Thermal Coal List Report - Update</li></ul>
October 2019	<ul style="list-style-type: none"><li>• Flash Performance Report (3Q 2019)</li><li>• Manager Update: <b>Parametric</b></li><li>• Service Contract Extension - Parametric</li></ul>
November 2019	<ul style="list-style-type: none"><li>• PCA Performance report (3Q2019)</li><li>• Manager Update: <b>Earnest Partners</b></li></ul>
December 2019	<ul style="list-style-type: none"><li>• TBD: Depends on meeting schedule</li><li>• Cash Flow Report (1Q2020)</li></ul>

**Bold** are priority strategic items.



## MEMORANDUM

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

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

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



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

# AGENDA

## RETIREMENT BOARD MEMBERS

**Walter L. Johnson, Sr.**  
President

**Jaime T. Godfrey**  
Vice President

**Katano Kasaine**  
Member

**Martin J. Melia**  
Member

**Robert J. Muszar**  
Member

**John C. Speakman**  
Member

**Steven Wilkinson**  
Member

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

**Wednesday, July 31, 2019 – 11:30 am**  
**One Frank H. Ogawa Plaza, Hearing Room 1**  
**Oakland, California 94612**

### - - - ORDER OF BUSINESS - - -

- A. Adjourn to Closed Session of the PFRS Board**
- B. Report of Board Action from Closed Session (if any)**
- C. Subject: PFRS Board Meeting Minutes**  
**From: Staff of the PFRS Board**

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**Recommendation: APPROVE** May 29, 2019 PFRS Board meeting minutes.
- D. Subject: PFRS Board Meeting Minutes**  
**From: Staff of the PFRS Board**

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**Recommendation: APPROVE** June 26, 2019 PFRS Board meeting minutes.
- E. AUDIT AND OPERATIONS COMMITTEE AGENDA – JULY 31, 2019**
- E1. Subject: Scope of Services and initiation of the Financial Audit of the PFRS fund for the Fiscal Year Ending June 30, 2019**  
**From: Macias Gini & O'Connell, LLP and Staff of the PFRS Board**

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**Recommendation: APPROVE** the Scope of Services and initiation of the Financial Audit of the PFRS fund for the Fiscal Year Ending June 30, 2019.

ORDER OF BUSINESS, continued

- E2. Subject: Administrative Expenses Report**  
**From:** Staff of the PFRS Board
- 
- Recommendation: ACCEPT** an informational report regarding PFRS administrative expenses from July 1, 2018 through May 30, 2019.
- E3. Subject: Hearing Procedures and Handling of Confidential Member Medical Files**  
**From:** Staff of the PFRS board and PFRS Legal Counsel
- 
- Recommendation: DISCUSSION** of Hearing Procedures and Handling of Confidential Member Medical Files, and provide staff direction in this regard.
- E4. Subject: RESOLUTION No. 7064 – Travel authorization for PFRS Legal Counsel Jennifer Logue to travel and attend the California Association of Public Employee Retirement Systems (CALAPRS) Attorneys’ Roundtable (2019 CALAPRS Attorneys’ Roundtable) on September 20, 2019 in Oakland, CA with an estimated budget of One Hundred Twenty-five Dollars (\$125.00)**
- 
- From:** Staff of the PFRS Board
- 
- Recommendation: APPROVE** Resolution No. 7064 – Travel authorization for PFRS Legal Counsel Jennifer Logue to travel and attend the California Association of Public Employee Retirement Systems (CALAPRS) Attorneys’ Roundtable (2019 CALAPRS Attorneys Roundtable) on September 20, 2019 in Oakland, CA with an estimated budget of One Hundred Twenty-five Dollars (\$125.00).
- E5. Subject: 2006 Management Audit of the PFRS System**  
**From:** Staff of the PFRS Board
- 
- Recommendation: ACCEPT** an informational report regarding the 2006 Management Audit of the PFRS System.

ORDER OF BUSINESS, continued

F. INVESTMENT & FINANCIAL MATTERS COMMITTEE AGENDA – JULY 31, 2019

- F1. **Subject:** Investment Manager Performance Review – Reams Asset Management  
**From:** Reams Asset Management
- 
- Recommendation:** **ACCEPT** an Informational Report regarding review of Reams Asset Management, a PFRS Domestic Fixed Income Investment Manager.
- F2. **Subject:** Investment Manager Overview – Reams Asset Management  
**From:** Meketa Investment Group
- 
- Recommendation:** **APPROVE** evaluation, review and possible watch status placement of Reams Asset Management, a PFRS Domestic Fixed Income Investment Manager.
- F3. **Subject:** Investment Manager Performance Review – NWQ  
**From:** NWQ
- 
- Recommendation:** **ACCEPT** an Informational Report regarding review of NWQ, a PFRS Active Small Cap Domestic Equities Investment Manager.
- F4. **Subject:** Investment Manager Review – NWQ  
**From:** Meketa Investment Group
- 
- Recommendation:** **APPROVE** the evaluation, review, possible watch status placement, and/or possible termination of NWQ, a PFRS Active Small Cap Domestic Equities Investment Manager, and **APPROVE** the of action to move investment manager’s funds to a temporary alternative investment instrument (i.e. Exchange-Traded Fund).
- F5. **Subject:** Investment Market Overview  
**From:** Meketa Investment Group
- 
- Recommendation:** **ACCEPT** an informational report on the global investment markets through July 2019.

ORDER OF BUSINESS, continued

- F6. Subject:** Select Investment Managers to invite to Interview as the new PFRS Active International Equity Asset Class Investment Manager
- From:** Meketa Investment Group
- 
- Recommendation:** **APPROVE** the recommendation from Meketa to Select Investment Managers to invite to Interview as the new PFRS Active International Equity Asset Class Investment Manager.
- F7. Subject:** Informational Report on Preliminary Investment Fund Performance for the Quarter Ending June 30, 2019
- From:** Meketa Investment Group
- 
- Recommendation:** **ACCEPT** informational report on the Preliminary Investment Fund Performance for the Quarter Ending June 30, 2019.
- F8. Subject:** Options for replacing State Street Global Advisors (SSgA) as PFRS Investment Manager and possible steps to follow for replacing SSgA
- From:** Meketa Investment Group and Staff of the PFRS Board
- 
- Recommendation:** **ACCEPT** an informational report regarding options for replacing State Street Global Advisors (SSgA) as PFRS Investment Manager and **APPROVE** possible steps to follow for replacing SSgA.
- F9. Subject:** Options to select a new PFRS Investment Manager to implement the Crisis Risk Offset (Long Duration Treasury) Investment Strategy
- From:** Meketa Investment Group
- 
- Recommendation:** **ACCEPT** an informational report regarding the options to select a new PFRS Investment Manager to implement the Crisis Risk Offset (Long Duration Treasury) Investment Strategy.

**G. NEW BUSINESS**

**H. OPEN FORUM**

**I. FUTURE SCHEDULING**

**A BOARD MEETING** of the Oakland Police and Fire Retirement System (“PFRS”) was held on May 29, 2019 in Hearing Room 1, One Frank Ogawa Plaza, Oakland, California.

- Board Members Present:
- Katano Kasaine, Member
  - R. Steven Wilkinson, Member
  - John C. Speakman, Member
  - Robert J. Muszar, Member
  - Martin J. Melia, Member

- Board Members Absent:
- Walter L. Johnson, President
  - Jaime T. Godfrey, Vice President

- Additional Attendees:
- David Jones, PFRS Plan Administrator
  - Jennifer Logue, PFRS Legal Counsel
  - David Low & Teir Jenkins, Staff Member
  - David Sancewich, Meketa Investment Group
  - Brandon Ross, Meketa Investment Group

*The meeting was called to order at 11:45 am. John Speakman acted as Chairman Pro Tem in the absence of President Johnson and Vice President Godfrey. Additionally, the order of the agenda was reorganized.*

## **E. PFRS INVESTMENT COMMITTEE MEETING – MAY 29, 2019**

**E1. Investment Manager Performance Review – Rice Hall James and Associates, LLC** – David Sancewich From Meketa Investment Group (Meketa) reported that Rice Hall James (RHJ) presented their investment performance overview for the Investment Committee. Member Melia made a motion to accept the informational report, second by Member Wilkinson. Motion passed.

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

**E2. Investment Manager Overview – Rice Hall James and Associates, LLC** – Mr. Sancewich presented Meketa’s overview of RHJ. Mr. Sancewich reported that Meketa recommended placing RHJ onto watch status for six to nine months, after which a follow-up review will determine the Board’s next step with this investment manager. Member Melia made a motion to place Rice Hall James on watch status six to nine months, second by Member Wilkinson. Motion passed.

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

**E3. Investment Manager Overview – DDJ Capital Management, LLC** – Mr. Sancewich reported that Meketa recommended placing DDJ Capital Management (DDJ) onto watch status for six to nine months, after which a follow-up review will determine the Board’s next step with this investment manager. Member Melia made a motion to place DDJ Capital Management, LLC on watch status for six to nine months, second by Member Wilkinson. Motion passed.

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

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

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

**E5. Investment Fund Performance for the Quarter Ended March 31, 2019** – Mr. Sancewich presented a detailed report of the investment portfolio performance of the PFRS Investment Fund for the quarter ended March 31, 2019. Following Board discussion, Member Melia made a motion to accept the investment fund performance report, second by Member Wilkinson. Motion passed.

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

**E6. Status of the Request for Proposal (RFP) for the new PFRS Active International Equity Asset Class Investment Manager** – Brandon Ross from Meketa presented an update of the RFP for a new International Equity Asset Class Investment Manager. Following some Board discussion, Member Melia made a motion to accept the informational report from Meketa, second by Member Wilkinson. Motion passed.

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

**E7. Informational Report on the diversity of the Board of Directors for each Investment Manager of the PFRS Investment Fund** – Mr. Sancewich reported on the diversity of the Boards of Directors and staffing for each Investment Manager of the PFRS Investment Fund. Following some Board discussion, Member Kasaine made a motion to accept the informational report from Meketa, and directed the Investment Committee to review the process of replacing SSgA as PFRS Investment Manager, second by Member Melia. Motion passed.

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

**E8. Approval of Resolution No. 7052 authorizing the professional service agreement with State Street Global Advisors, or Approval of the temporary investment of PFRS investment funds to be transferred into Exchange Traded Funds instead of a Crisis Risk Offset Account (Long Duration)** – Member Wilkinson reported the Investment Committee discussion on this matter and explained the recommendation to place the investments funds initially scheduled to be place in SSgA Long Duration Investment fund into an Exchange Traded Fund (ETF) until a more suitable Investment Manager can be found. Following some Board discussion, no action was made on Resolution No. 7052, and Member Melia made a motion to place the investments funds initially scheduled to be invested in the SSgA Long Duration Investment fund into an Exchange Traded Fund (ETF), second by Member Wilkinson. Motion passed.

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

- A. PFRS Board Meeting Minutes** – Member Kasaine made a motion to approve the April 24, 2019 PFRS Board meeting minutes, second by Member Melia. Member Muszar asked that two items on the April 24, 2019 Board Meeting Minutes include more reporting of what was reported on their respective matters, especially in cases where Board direction is given. Following Board discussion, Member Muszar made a substitute motion.

**SUBSTITUTE MOTION:** Member Muszar made a motion recommending staff review the recording of the Board meeting and include the reporting as explained by Member Muszar, as needed. There was no second to this motion and the substitute motion failed.

The Board voted on the approval of the meeting minutes as made with the original motion. Motion Passed.

[ GODFREY – ABSENT / JOHNSON – ABSENT / KASAINÉ – Y / MELIA – Y / MUSZAR – N / SPEAKMAN – Y / WILKINSON – Y ]  
(AYES: 4 / NOES: 1 / ABSTAIN: 0)

- B. Resolution No. 7060 – Approve creation of the Policy Governing the Overpayment and Underpayment of Member Retirement Allowances** – Plan Administrator David Jones reported the submission of Resolution No. 7060 to approve the Policy Governing the Overpayment and Underpayment of Member Retirement Allowances. Mr. Jones reported the completion of the Policy by the Audit Committee and request the Board approve Resolution No. 7060 enacting this policy. Member Kasaine made a motion to approve Resolution No. 7060, second by Member Wilkinson. Discussion continued.

The Board discussed how the submitted language on this matter addressed member protection. **SUBSTITUTE MOTION:** Member Muszar made a substitute motion directing this matter be returned to the Audit Committee for discussion and clarification. There was no second to this motion and the substitute motion failed. Following Board discussion, a vote on the original motion was made. Motion passed.

[ GODFREY – ABSENT / JOHNSON – ABSENT / KASAINÉ – Y / MELIA – Y / MUSZAR – N / SPEAKMAN – Y / WILKINSON – Y ]  
(AYES: 4 / NOES: 1 / ABSTAIN: 0)

- C. Election of a new 3-Year Alternating Police/Fire Board Position** – Staff Member David Low reported the status of the 3-Year Alternating Police/Fire Board Position and the ending of Member Melia’s tenure in this position. He explained the timeline for the upcoming election for the next 3-year Alternating Police/Fire Board member. Member Melia made a motion to approve the agenda report, second by Member Wilkinson. Motion Passed.

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

**D. PFRS AUDIT COMMITTEE MEETING – MAY 29, 2019**

Member Melia departed the Board Meeting at 12:42 pm.

**D1. Administrative Expenses Report** – Teir Jenkins presented the status of the administrative expenditures of the PFRS plan through March 31, 2019. Member Muszar made a motion to accept the informational report from staff, second by Member Kasaine. Motion passed

[ GODFREY – ABSENT / JOHNSON – ABSENT / KASAINÉ – Y / MELIA – ABSENT /  
MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y ]  
(AYES: 4/ NOES: 0 / ABSTAIN: 0)

**D2. 2006 Management Audit of the PFRS System** – Member Muszar reported that the Audit Committee directed staff to bring additional information for further committee review and held this matter in committee. Plan Administrator David Jones presented a brief summary his report that he made to the Audit Committee.

**E. Approval of PFRS Member Resolutions** – Member Kasaine made a motion to approve Resolution No. 7061, second by Member Wilkinson. Motion Passed.

[ GODFREY – ABSENT / JOHNSON – ABSENT / KASAINÉ – Y / MELIA – ABSENT /  
MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y ]  
(AYES: 4/ NOES: 0 / ABSTAIN: 0)

Member Kasaine made a motion to approve Resolution No. 7062, second by Member Muszar. Motion Passed.

[ GODFREY – ABSENT / JOHNSON – ABSENT / KASAINÉ – Y / MELIA – ABSENT /  
MUSZAR – Y / SPEAKMAN – Y / WILKINSON – Y ]  
(AYES: 4/ NOES: 0 / ABSTAIN: 0)

**F. NEW BUSINESS** – No Report.

**G. OPEN FORUM** –The Board discussed the delivery of correspondence received by staff addressed to the Board, and had discussion about the omission of certain agenda items from the agenda.

**I. FUTURE SCHEDULING** – The next PFRS Board meeting was scheduled for Wednesday, June 26, 2019.

The meeting adjourned at 12:47 pm.

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DAVID JONES, BOARD SECRETARY

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DATE

**A BOARD MEETING** of the Oakland Police and Fire Retirement System (“PFRS”) was held on June 26, 2019 in Hearing Room 1, One Frank Ogawa Plaza, Oakland, California.

Board Members Present:

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

Board Members Absent:

- Katano Kasaine, Member
- R. Steven Wilkinson, Member

Additional Attendees:

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

*The meeting was called to order at 11:00 am. President Johnson re-ordered the agenda for Board discussion.*

## **E. PFRS INVESTMENT COMMITTEE MEETING – JUNE 26, 2019**

**E1. Investment Market Overview** – Sean Copus from Meketa presented an information report on the global economic factors affecting the PFRS Fund.

**Motion:** Member Godfrey made a motion to accept the informational report, second by Member Melia. Motion passed.

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

**E2. Procedures to Review Replacing State Street Global Advisors as a PFRS Investment Manager and Provide Staff with Direction to Reallocate Investment Funds** – Mr. Copus presented an informational report on the possible replacement of State Street Global Advisors (SSgA) as a PFRS Investment Manager. The Board discussed reasons for and against replacing SSgA.

**Motion:** Member Melia made a motion to accept the informational report and to direct staff to look at other investment companies for the possible replacement of SSgA focusing on companies that can meet investment service needs and provide good customer service, second by Member Godfrey. Motion passed.

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

**E3. Investment Manager Selection for PFRS Crisis Risk Offset (Long Duration Treasury) Investments** – Mr. Copus presented an informational report on the status of the search for an investment manager for the Crisis Risk Offset (Long Duration Treasury) asset class and reminded the Board that the funds for this asset class are currently invested in Exchange Traded Funds (ETFs). Mr. Copus identified a few possible investment management companies for the position but stated that he could work with staff to find other possible candidates.

**Motion:** Member Melia made a motion to: 1) accept the informational report, 2) keep the funds in ETFs; 3) direct staff to keep looking for a new investment manager for the new CRO Long Duration Treasury asset class, and 4) direct staff to talk to State Street Global Advisors about the Board's customers service concerns, second by Member Godfrey. Motion passed.

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

**E4. \$15.4 million 3rd Quarter 2019 Member Benefits Drawdown** – Mr. Copus and the PFRS Staff reported the details of the \$15.4 million 3rd Quarter 2019 Member Benefits Drawdown. PFRS Investment Officer Teir Jenkins reported the additional withdrawal of \$1.2 million from the PFRS investment funds would be used for Member Drawdowns to facilitate Fire Retro payments.

**Motion:** Member Godfrey made a motion to approve the \$15.4 million 3rd Quarter 2019 member benefits drawdown, which includes the withdrawal of \$1.6 million from Earnest Partners, \$1.0 million from NWQ, and \$1.6 million from Rice Hall James, second by Member Godfrey. Motion passed.

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

**E5. Asset Allocation Review and Update of the PFRS Fund** – Mr. Copus presented an informational report on the current Asset Allocation of the PFRS Fund and the progress towards achieving its goal as previously approved by the PFRS board.

**Motion:** Member Godfrey made a motion to accept the informational report, second by Member Melia. Motion passed.

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

**E6. Status Report of the Request for Proposal (RFP) for the new PFRS Active International Equity Asset Class Investment Manager** – Mr. Copus presented an informational report regarding the status of the search for a new Investment Equity Asset Class Investment Manager. Meketa has reviewed several responses to the RFP and narrowed the field to approximately 12 possible investment managers. Meketa will perform an in-depth review of the approximately 12 candidates and will be prepared at the July 2019 meeting to recommend 3 to 4 for the Board to interview.

**Motion:** Member Godfrey made a motion to accept the informational report, second by member Melia. Motion passed.

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

**F. Approval of PFRS Member Resolutions** – Member Godfrey made a motion to approve Resolution No. 7063, second by Member Melia. Motion Passed.

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

**G. Mailing of PFRS Member June 1 Pay Advices and Checks** – Plan Administrator David Jones presented an informational report regarding a delay in the delivery of member advices and allowance checks. Mr. Jones explained that an issue in the City of Oakland mailroom caused a delay in the delivery of the May 2019 member advices and approximately 30 retirement allowance checks. The Board discussed whether the issue needed further investigation and whether to agendaize this matter for further discussion at the Audit Committee.

**Motion:** Member Speakman made a motion to accept the informational report, second by Member Godfrey. Motion Passed.

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

**A. CLOSED SESSION** – President Johnson convened the Board meeting for Closed Session at 11:28 a.m.

Member Melia departed the Board Meeting prior to the Board's return from Closed Session.

**B. ACTION FROM CLOSED SESSION (IF ANY)** – President Johnson reconvened Open session at 12:07 p.m. and reported no Board action from closed session.

**C. PFRS Board Meeting Minutes** – Member Speakman made a motion to postpone approval of the minutes to the July 2019 Board meeting, second by Member Muszar. Motion passed.

[GODFREY –Y / JOHNSON –Y / KASAIINE – ABSENT / MELIA – ABSENT /  
MUSZAR – Y / SPEAKMAN – Y / WILKINSON – ABSENT]  
(AYES: 4/ NOES: 0 / ABSTAIN: 0)

**D. PFRS AUDIT COMMITTEE MEETING – JUNE 26, 2019**

**D1. Administrative Expenses Report** – Teir Jenkins presented an informational report regarding administrative expenditures of the PFRS plan through April 30, 2019.

**Motion:** Member Muszar made a motion to accept the informational report, second by Member Speakman. Motion passed.

[GODFREY –Y / JOHNSON –Y / KASAIINE – ABSENT / MELIA – ABSENT /  
MUSZAR – Y / SPEAKMAN – Y / WILKINSON – ABSENT]  
(AYES: 4/ NOES: 0 / ABSTAIN: 0)

**D2. Development of Hearing Procedures for PFRS Members** – Member Speakman reported that the Audit Committee heard a report from Member Muszar regarding the development of hearing procedures. He explained that the Audit Committee agreed to recommend that PFRS Board vote to place this matter on the Audit Committee agenda as an action item to allow the Audit Committee to engage in further discussion regarding hearing procedures and make recommendations for action by the Board.

**Motions:**

Member Muszar made a motion to accept the informational report, second by member Speakman. Motion passed.

[GODFREY – Y / JOHNSON – Y / KASAINÉ – ABSENT / MELIA – ABSENT /  
MUSZAR – Y / SPEAKMAN – Y / WILKINSON – ABSENT]  
(AYES: 4/ NOES: 0 / ABSTAIN: 0)

Member Muszar made a motion to place this matter on the upcoming Audit Committee Agenda as an action item, second by Member Speakman. Motion passed.

[GODFREY – Y / JOHNSON – Y / KASAINÉ – ABSENT / MELIA – ABSENT /  
MUSZAR – Y / SPEAKMAN – Y / WILKINSON – ABSENT]  
(AYES: 4/ NOES: 0 / ABSTAIN: 0)

**E. NEW BUSINESS** – No Report.

**F. OPEN FORUM** – No Report.

**H. FUTURE SCHEDULING** – The next PFRS Board meeting was scheduled for Wednesday, July 31, 2019.

The meeting adjourned at 12:11 pm.

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**DAVID JONES, BOARD SECRETARY**

**DATE**

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 Unit, 150 Frank Ogawa Plaza, Suite 3349 or call (510) 238-7295 for additional information.



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

# AGENDA

## RETIREMENT BOARD MEMBERS

**Walter L. Johnson, Sr.**  
President

**Jaime T. Godfrey**  
Vice President

**Katano Kasaine**  
Member

**Martin J. Melia**  
Member

**Robert J. Muszar**  
Member

**John C. Speakman**  
Member

**R. Steven Wilkinson**  
Member

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

**Wednesday, July 31, 2019 – during regular meeting starting at 11:30 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(a); 54956.9(d)(2) and (4); and 54956.9(e)(3); and 54956.9(d)(4):**

#### **1. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION:**

One Item of Anticipated Litigation.