



# AGENDA REPORT

**TO:** Jestin D. Johnson  
City Administrator

**FROM:** Bradley Johnson  
Finance Director

**SUBJECT:** Oakland PFRS's Investment Portfolio  
and Actuarial Valuation Report

**DATE:** February 20, 2026

City Administrator Approval



Jestin Johnson (Mar 12, 2026 10:47:19 PDT)

Date: Mar 12, 2026

## RECOMMENDATION

**Staff Recommends That The City Council Receive An Informational Report On The Oakland Police And Fire Retirement System's ("PFRS", Or "System") Investment Portfolio As Of December 31, 2025, and Actuarial Valuation Report as of July 01, 2025.**

## EXECUTIVE SUMMARY

The attached Quarterly Investment Performance report (**Attachment A**), provided by the Oakland Police and Fire Retirement System (PFRS) Investment Consultant, Meketa Investment Group (MIG), summarizes the performance of the PFRS investment portfolio for the quarter ended December 31, 2025.

During the most recent quarter, the PFRS Total Portfolio generated an absolute return of 1.8 percent, gross of fees, matching its policy benchmark. The portfolio outperformed its benchmark over the latest one-year and underperformed its benchmark over the three-year period and five-year period. **Table 1** below summarizes the PFRS Investment Performance as of December 31, 2025.

<b>Table 1</b>				
Summary of Investment Performance				
As of December 31, 2025				
	<b>Quarter</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
Total Portfolio (a)	1.80%	13.00%	12.10%	6.60%
Policy Benchmark	1.80%	12.20%	12.70%	6.70%
<b>Excess Return</b>	<b>0.00%</b>	<b>0.80%</b>	<b>-0.60%</b>	<b>-0.10%</b>

(a) Investment returns are gross of fees.

The attached report (**Attachment B**), prepared by the Oakland Police and Fire Retirement System's (PFRS) Actuary Cheiron, provides the recently updated PFRS' Actuarial Valuation as of July 1, 2025.

As of the latest actuarial valuation dated July 1, 2025, the PFRS Funded Ratio (actuarial value of assets divided by present value of future benefits) is 95.3 percent on an Actuarial Value of Assets (AVA) basis. The System's Unfunded Actuarial Liability is approximately \$22.2 million. **Table 2** below summarizes the July 1, 2025, PFRS Actuarial valuation results.

<b>Table 2</b>	
Summary of Actuary Results (\$ in thousands)	
	<b>July 01, 2025</b>
Actuarial Liability	\$ 472,425
Less: Actuarial Value of Assets	<u>(450,180)</u>
Unfunded Actuarial Liability	<u>\$ 22,245</u>
Funded Ratio (AVA) liability	<u>95.3%</u>

## **BACKGROUND / LEGISLATIVE HISTORY**

The Oakland Police and Fire Retirement System is a closed defined benefit plan established by the City of Oakland's (the "City") Charter. PFRS is governed by a board of seven trustees (the "PFRS Board"). PFRS covers the City's sworn police and fire employees hired prior to July 1, 1976. PFRS was closed to new members on June 30, 1976. As of December 31, 2025, PFRS had 577 retired members and no active members.

The PFRS System is governed by a board of seven trustees (the "PFRS Board"): the Mayor or his/her designee, three Mayoral appointees approved by the City Council, an elected active or retired member of the Police Department, an elected active or retired member from the Fire Department, and an elected member position which alternates between the Police Department and Fire Department membership. Trustees receive no compensation.

On June 8, 1976, the voters of the City approved Measure R, a Charter amendment to the Retirement Law, which (as later amended) modified the City Charter to close the System. On August 4, 1981, the Council passed Resolution 59916 C.M.S. authorizing a property tax within the City of Oakland and designating 0.1530 percent for a "1981 Pension Liability Fund" for the purpose of funding the City's obligations to the System. By resolution passed on March 2, 1982, the Council created the 1981 Pension Liability Fund.

In 1985, the Redevelopment Agency of the City of Oakland, (the "Agency") issued Certificates of Participation, 1985 Series A (the "1985 COPs") to provide financing for a portion of PFRS. The City entered into an Annuity Deposit Agreement with PFRS and purchased an annuity with New York Life (the "Annuity") to be used to pay a portion of the City's obligation to retired City employees, as set forth in Article XXVI of the City Charter.

On June 7, 1988, CMS 65500, more than two-thirds of the qualified voters of the City approved Measure O to provide for an extension of the contribution period for funding Police/Fire retirement liabilities from year 2016 to the year 2026.

In March 1997, the City issued Taxable Pension Obligation Bonds, Series 1997 ("1997 POBs") and, as a result, deposited \$417 million into the System to pay the City's contributions through June 2011. As a result of the funding agreement entered at the time the 1997 POBs were issued, City payments to PFRS were suspended from February 25, 1997, to June 30, 2011. The City of Oakland resumed contributing to PFRS effective July 1, 2011, and contributed \$45.5 million for the fiscal year (FY) ended June 30, 2012.

In July 2012, the City issued \$212.5 million of Taxable Pension Obligation Bonds, Series 2012 ("2012 POBs"). The City subsequently deposited \$210 million into the System and entered a funding agreement with the PFRS Board. Thus, no additional contributions were required until July 1, 2017. As of December 15, 2025, all City of Oakland pension bond debt has matured and paid in full.

As of the most recent actuary study dated July 1, 2025, the System's Unfunded Actuarial Liability is approximately \$22.2 million, and the System had a Funded Ratio of 95.3 percent on an Actuarial Value of Assets (AVA) basis. The City of Oakland is currently making monthly payments to the Plan for the FY 2025/2026 required contribution of \$27.516 million.

## **ANALYSIS AND POLICY ALTERNATIVES**

The attached report, provided by the PFRS Investment Consultant and Actuary, summarizes the performance of the PFRS' investment portfolio and annual funding status of the System. This report is being provided in accordance with the City of Oakland Charter, to provide an update to the City Council on the status of the Oakland Police and Fire Retirement System.

The presentation of this report supports the Citywide priority of **responsive, trustworthy government**. This report communicates the PFRS's financial positions and obligations to the public, policymakers, retirees, and stakeholders. At the same time, the annual audits of the PFRS finances assures the accuracy of the information contained therein.

### ***PFRS' Membership***

The City Charter establishes plan membership, contribution, and benefit provisions. The System serves the City's sworn employees hired prior to July 1, 1976, who have not transferred to the California Public Employees' Retirement System ("CalPERS"). As of December 31, 2025, the System's membership was 577, as shown in **Table 3** below.

<b>Table 3</b> PFRS Membership as of December 31, 2025			
<b>Membership</b>	<b>POLICE</b>	<b>FIRE</b>	<b>TOTAL</b>
Retiree	246	127	373
Beneficiary	118	86	204
<b>Total Membership</b>	364	213	577

**PFRS Investment Portfolio**

As of December 31, 2025, the PFRS' portfolio had an aggregate value of \$500.6 million, as shown in **Table 4**.

<b>Table 4</b> PFRS Investment Portfolio as of December 31, 2025	
<b>Investment</b>	<b>Fair Value</b>
Domestic Equities	\$ 125,273,584
Fixed Income	293,972,356
Crisis Risk Offset	39,159,119
International Equities	29,546,279
Cash	12,671,161
<b>Total Portfolio</b>	<b>\$ 500,622,499</b>

As of December 31, 2025, the PFRS portfolio had an aggregate value of \$500.6 million. This represents a \$2.6 million increase in investment value after \$6.1 million in outflows for the benefit payments over the quarter. During the previous one-year period, the PFRS Total Portfolio increased in value by \$37.7 million after drawdowns of \$21.8 million for benefit payments, as shown in Table 5 below. The investment drawdowns for benefit payments are less the City of Oakland Contributions to the PFRS Plan of \$6.879 million for the Quarter and \$27.516 million for the fiscal year.

<b>Table 5</b> Change in PFRS Portfolio Valuation as of December 31, 2025		
Total Plan Value	Quarter	1 Year
Beginning Market Value	\$ 498,072,195	\$ 462,969,798
Investment Drawdowns for Benefit Payments	-6,149,421	-21,819,230
Gain/(Loss) on Investment	8,699,726	59,471,931
<b>Ending Market Value</b>	<b>\$ 500,622,499</b>	<b>\$ 500,622,499</b>

***PFRS Investment Performance***

During the most recent quarter ending December 31, 2025, the PFRS Total Portfolio generated an absolute return of 1.8 percent matching its benchmark. The portfolio overperformed its benchmark over the latest one-year period and underperformed over the three-year period, and five-year periods.

Over the most recent quarter ending December 31, 2025, the Plan's Domestic Equity allocation underperformed its benchmark by -0.1 percent. The Plan's International Equity allocation underperformed its benchmark by -0.2 percent. The Plan's Fixed Income outperformed its benchmark by 0.1 percent. The Plan's Crisis Risk Offset allocation outperformed its benchmark by 0.4 percent. **Table 6** below shows PFRS's recent investment performance in comparison to its corresponding benchmarks.

<b>Table 6</b> PFRS Asset Class Performance as of December 31, 2025				
Investment Type	Quarter	1 Year	3 Year	5 Year
PFRS Total Fund	1.8	13.0	12.1	6.6
PFRS Policy Benchmark	1.8	12.2	12.7	6.7
Excess Returns	0.0	0.8	-0.6	-0.1
PFRS Domestic Equity	2.3	15.2	17.7	11.2
Benchmark: Russell 3000	2.4	17.1	22.2	13.1
Excess Returns	-0.1	-1.9	-4.5	-1.9

<b>Table 6 (cont.)</b>				
PFRS Asset Class Performance as of December 31, 2025, <i>cont'd</i>				
<b>Investment Type</b>	<b>Quarter</b>	<b>1 Year</b>	<b>3 Year</b>	<b>5 Year</b>
PFRS International Equity	4.9	38.2	21.6	11.1
Benchmark: MSCI ACWI Ex US (Net)	<u>5.1</u>	<u>32.4</u>	<u>17.3</u>	<u>7.9</u>
Excess Returns	-0.2	5.8	4.3	3.2
PFRS Fixed Income	1.2	8.2	5.4	0.3
Benchmark: Bloomberg US Universal	<u>1.1</u>	<u>7.3</u>	<u>5.1</u>	<u>0.0</u>
Excess Returns	0.1	0.9	0.3	0.3
PFRS Crisis Risk Offset	3.1	6.1	1.2	-3.4
Benchmark: Crisis Risk Offset	<u>2.7</u>	<u>5.5</u>	<u>3.3</u>	<u>4.4</u>
Excess Returns	0.4	0.6	-2.1	-7.8
Note: Investment returns are gross of fees.				

**FISCAL IMPACT**

This is an informational report. There are no budget implications associated with this report.

**PUBLIC OUTREACH / INTEREST**

This item did not require public outreach other than the required posting on the City's website.

**COORDINATION**

This report was prepared in coordination with the PFRS' Investment Consultant (Meketa) and the PFRS' Actuary (Cheiron).

**SUSTAINABLE OPPORTUNITIES**

**Economic:** Whenever possible, the PFRS Board seeks to benefit the local Oakland-based economy. In 2006, the PFRS Board and staff created the PFRS Local Broker provision. This provision mandates that the PFRS Investment Managers consider using Oakland-based brokers

for all trades conducted on behalf of the fund based on best execution. This program aims to regenerate some of the commissions generated by the System into the Oakland economy.

**Environmental:** The PFRS Board supports a sustainable environment. On June 29, 2016, the PFRS Board passed Resolution No. 6927 prohibiting PFRS investment managers from investing PFRS funds in any publicly traded company which derives at least 50 percent of its revenue from the mining and extracting of thermal coal.

**Race & Equity:** There are no race and equity opportunities associated with this report.

### **ACTION REQUESTED OF THE CITY COUNCIL**

Staff Recommends That the City Council Receive an Informational Report on the Oakland Police and Fire Retirement System's ("PFRS", or "System") Investment Portfolio as of December 31, 2025, and Actuarial Valuation Report as of July, 01, 2025.

For questions regarding this report, please contact Bradley Johnson, Director of Finance, at (510) 238-2026.

Respectfully submitted,



[Bradley Johnson \(Mar 10, 2026 12:27:17 PDT\)](#)

BRADLEY JOHNSON:  
Director of Finance, Finance Department

Reviewed by:  
Dawn Granados, Assistant Treasury  
Administrator

Prepared by:  
Téir Jenkins, Investment & Operations Manager  
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*Attachments (2):*

**Attachment A:** Oakland Police and Fire System Quarterly Investment Performance Report as of December 31, 2025

**Attachment B:** Oakland Police and Fire System Actuarial Valuation Report as of July 1, 2025