



AGENDA REPORT

TO: Elizabeth Lake
Acting City Administrator

FROM: Bradley Johnson
Finance Director

SUBJECT: Oakland PFRS's Investment Portfolio
as of March 31, 2026

DATE: May 28, 2026

City Administrator Approval


Betsy Lake (Jun 4, 2026 11:45:55 PDT)

Date: Jun 4, 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 March 31, 2026.

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 March 31, 2026.

During the most recent quarter, the PFRS Total Portfolio generated an absolute return of 0.2 percent, gross of fees, outperforming its policy benchmark by 0.9 percent. The portfolio also outperformed its benchmark over the latest one-year and underperformed its benchmark over the three-year period. The portfolio matched its benchmark over the five-year period. This is discussed in more detail in the "Investment Performance" section of this report.

	Quarter	1 Year	3 Year	5 Year
Total Portfolio (a)	0.2	13.1	10.5	6.0
Policy Benchmark	-0.7	11.0	10.6	6.0
Excess Return	0.9	2.1	-0.1	0.0

(a) Investment returns are gross of fees.

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,

Finance and Management Committee
June 23, 2026

1976. PFRS was closed to new members on June 30, 1976. As of March 31, 2026, PFRS had 573 retired members and no active members.

The System's investment portfolio is governed by the investment policy set by the PFRS Board. The PFRS Board sets an investment policy that authorizes investments in a variety of domestic and international equity and fixed income securities. Eleven external investment managers currently manage the System's portfolio. Most of the portfolio is held in custody at Northern Trust. In accordance with the City Charter, the PFRS Board makes investment decisions according to the prudent person standard as defined by applicable court decisions and as required by the California Constitution.

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 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 \$27.52 million.

ANALYSIS AND POLICY ALTERNATIVES

The attached report, provided by the PFRS Investment Consultant and Actuary, summarizes the performance of the PFRS' investment portfolio. 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.

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 March 31, 2026, the System's membership was 573, as shown in **Table 1** below.

Table 1			
PFRS Membership as of March 31, 2026			
Membership	POLICE	FIRE	TOTAL
Retiree	245	126	371
Beneficiary	<u>116</u>	<u>86</u>	<u>202</u>
Total Membership	361	212	573

PFRS Investment Portfolio

As of March 31, 2026, the PFRS' portfolio had an aggregate value of \$495.8 million, as shown in **Table 2**.

Table 2	
PFRS Investment Portfolio as of March 31, 2026	
Investment	Fair Value
Domestic Equities	\$ 120,256,967
Fixed Income	291,651,104
Crisis Risk Offset	40,998,095
International Equities	29,238,528
Cash	<u>13,607,135</u>
Total Portfolio	\$ 495,751,829

As of March 31, 2026, the PFRS portfolio had an aggregate value of \$495.8 million. This represents a \$0.6 million increase in investment value after \$5.5 million in outflows for the benefit payments over the quarter. During the previous one-year period, the PFRS Total Portfolio increased in value by \$59.7 million after drawdowns of \$22.8 million for benefit payments, as shown in **Table 3** below. The investment drawdowns for benefit payments are less the City of Oakland Contributions to the PFRS Plan of \$6.9 million for the Quarter and \$27.5 million for the fiscal year.

Table 3 Change in PFRS Portfolio Valuation as of March 31, 2026		
Total Plan Value	Quarter	1 Year
Beginning Market Value	\$ 500,622,499	\$ 458,605,619
Investment Drawdowns for Benefit Payments	-5,498,714	-22,824,339
Gain/(Loss) on Investment	628,043	59,970,549
Ending Market Value	\$ 495,751,829	\$ 495,751,829

PFRS Investment Performance

During the most recent quarter ending March 31, 2026, the PFRS Total Portfolio generated an absolute return of 0.2 percent, gross of fees, outperforming its policy benchmark by 0.9 percent. The portfolio outperformed its benchmark over the latest one-year and underperformed its benchmark over the three-year period. The portfolio matched its benchmark over the five-year period.

Over the most recent quarter ending March 31, 2026, the Plan's Domestic Equity allocation outperformed its benchmark by 2.3 percent. The Plan's International Equity allocation outperformed its benchmark by 3.7 percent. The Plan's Fixed Income matched its benchmark. The Plan's Crisis Risk Offset allocation outperformed its benchmark by 1.4 percent. **Table 4** below shows PFRS's recent investment performance in comparison to its corresponding benchmarks.

Table 4 PFRS Asset Class Performance as of March 31, 2026				
Investment Type	Quarter	1 Year	3 Year	5 Year
PFRS Total Fund	0.2	13.1	10.5	6.0
PFRS Policy Benchmark	-0.7	11.0	10.6	6.0
Excess Returns	0.9	2.1	-0.1	0.0
PFRS Domestic Equity	-1.6	17.8	15.1	9.3
Benchmark: Russell 3000	-4.0	18.1	17.9	10.9
Excess Returns	2.4	-0.3	-2.8	-1.6

Table 4 (cont.)				
PFRS Asset Class Performance as of March 31, 2026, <i>cont'd</i>				
Investment Type	Quarter	1 Year	3 Year	5 Year
PFRS International Equity	3.0	32.9	19.4	10.8
Benchmark: MSCI ACWI Ex US (Net)	-0.7	24.9	14.5	7.0
Excess Returns	3.7	8.0	4.9	3.8
PFRS Fixed Income	0.0	5.1	4.2	0.9
Benchmark: Bloomberg US Universal	0.0	4.3	4.1	0.6
Excess Returns	0.0	0.8	0.1	0.3
PFRS Crisis Risk Offset	5.0	8.5	2.8	0.4
Benchmark: Crisis Risk Offset	3.6	7.9	4.5	4.4
Excess Returns	1.4	0.6	-1.7	-4.0
Note: Investment returns are gross of fees.				

RELATED PLANNING EFFORTS

This agenda item is a routine item and does not relate to any Oakland strategic planning efforts.

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).

RACE AND 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 March 31, 2026.

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

Respectfully submitted,



[Bradley Johnson \(Jun 4, 2026 10:12:45 PDT\)](#)

BRADLEY JOHNSON
Director of Finance, Finance Department

Reviewed by:
David F. Jones, Treasury Administrator

Prepared by:
Téir Jenkins, Investment & Operations Manager
Retirement Unit

Attachments (1):

Attachment A: Oakland Police and Fire System Quarterly Investment Performance Report as of March 31, 2026