



SAN FRANCISCO RETIREE HEALTH CARE TRUST FUND (FUND)
3.1 – BOARD TERMS OF REFERENCE

Introduction

- 1) The Retiree Health Care Trust Fund Board (Board) of the City and County of San Francisco has been established under Article XII of the Charter of the City and County of San Francisco and is responsible for the administration and investment of the San Francisco Retiree Health Care Trust Fund (Fund). The Board is committed to carrying out its responsibilities in a manner consistent with the highest standards of fiduciary practice. In keeping with this commitment, the Board has established these Terms of Reference to guide the manner in which it carries out its affairs.
- 2) In accordance with Charter Sections 12.204 and A8.432, the Board shall have exclusive authority and control over the administration of the Fund, investment of trust assets, and disbursements from the trust.

Duties and Responsibilities

General

- 3) The Board shall discharge its duties with respect to the Fund with the care, skill, prudence and diligence under the circumstances then prevailing that a prudent person, acting in a like capacity and familiar with these matters, would use in the conduct of an enterprise of a like character and with like aims.
- 4) It is understood that, in discharging trust fund duties, the Board will at all times be supported by Fund staff.

Governance

- 5) The Board will approve and amend, as necessary:
 - a) Rules and regulations consistent with the Charter and ordinances;
 - b) Terms of Reference describing the roles and responsibilities of the Board and Board committees; and
 - c) Policies to ensure appropriate governance practices.
- 6) The Board will:
 - a) Elect a President and Vice-President of the Board on an annual basis;
 - b) Establish standing or ad hoc committees as necessary;
 - c) Appoint Board members and a chair to standing and ad hoc committees upon the recommendation of the President;
 - d) Ensure that a fiduciary education program is in place to assist Board members in securing the knowledge required to properly execute their duties as fiduciaries; (see Board Education and Travel Policy)

- e) Approve and monitor education, training and association membership requests by Board members under the Board Education and Travel Policy; and
- f) Ensure that a record of the proceedings of Board and committee meetings is maintained as required under *San Francisco Sunshine Ordinance*, Administrative Code, Chapter 67.

Investments

- 7) The Board will:
 - a) Approve broad investment objectives and strategies;
 - b) Approve a written investment policy statement, and review, confirm or amend such policy at least every two (2) years;
 - c) Approve investment plans and guidelines, as required; and
 - d) Subject to a) through c) above, approve investment managers and consultants and Fund custodian.

Operations

- 8) The Board will approve an annual Budget.
- 9) The Board will:
 - a) Ensure that funding is in place to provide for the financial audit by the Controller; and
 - b) Review and accept the annual audited financial statements and external auditors' management letter, and take corrective action if required.
- 10) The Board will approve an annual report and ensure its timely distribution and filing with the Mayor, the Clerk of the Board of Supervisors, other interested parties and any other parties required by law to receive the annual report.

Human Resources

- 11) The Board may hire, terminate, or pay other San Francisco departments for Board staff.

Communications

- 12) The Board will conduct meetings open to the public in accordance with the *San Francisco Sunshine Ordinance* (San Francisco Administrative Code, Chapter 67) and the public meeting laws set out in the *Ralph M. Brown Act* (California Government Code Section 54950 et seq.)

Legislation and Litigation

- 13) The Board may:
 - a) With legal counsel, consider and approve recommendations made by Board staff concerning settlements or other legal actions involving the Fund; and
 - b) Recommend changes to legislation that are either cost-neutral, or that are intended to facilitate more efficient benefit or investment administration.

Key Appointments

- 14) The Board will establish appropriate policies to help ensure prudent and sound selection of service providers for the Board and the Fund, and will periodically monitor compliance with such policies.

- 15) The Board may select and/or ratify the following named service providers:
 - a) Advisors on general governance-related matters;
 - b) Fund custodian;
 - c) Investment Consultant; and
 - d) Investment Managers.

Monitoring and Reporting

- 16) The Board will ensure that appropriate monitoring and reporting practices are established and documented.
- 17) The Board will periodically monitor compliance with, and review the continued appropriateness of, the governance structure and processes of the Fund, including:
 - a) Board terms of reference; and
 - b) Board governance policies and rules.
- 18) The Board will monitor the performance of the Fund including, at a minimum,:
 - a) The funded status of the Fund;
 - b) Fund performance relative to benchmark portfolio return;
 - c) Asset class performance;
 - d) Fund investment strategies;
 - e) Cost effectiveness of investment program; and
 - f) Compliance with investment policies.
- 19) The Board will monitor the effectiveness and efficiency of the administration of the Fund through a review of, at a minimum, the Annual Budget.
- 20) As needed, and with assistance of Fund staff, the Board will review the performance of:
 - a) Named service providers, as appropriate; and
 - b) The Board itself.

Review

- 21) The Board shall review these terms of reference at least every two (2) years.