



SAN FRANCISCO RETIREE HEALTH CARE TRUST FUND (FUNDRHCTF)
RHCTF 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 (~~the City Charter~~) 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 ~~City~~ Charter ~~S~~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 ~~Fund~~by ~~RHCTF~~ staff.

Governance

- 5) The Board will approve and amend, as necessary:
 - ~~a) The Fund's mission statement;~~
 - ~~b) a) Rules and regulations consistent with the ~~City~~ Charter and ordinances⁴;~~
 - ~~e) b) Terms of Reference describing the roles and responsibilities of the Board and, Board committees ~~and the Fund's actuary~~; and~~
 - ~~d) 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;

~~⁴ The Board has determined that the Board Operations Policy will set out the Board rules as per City Charter, Article IV, section 4.104(1).~~

- 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, Tab 9)
- ~~e) Conduct an annual Board development exercise, wherein the Board may engage in self-assessment and discussion for the purposes of continuously developing and improving its own effectiveness as a fiduciary body; (see Board Self-Evaluation Policy, Tab 8)~~
- ~~f)e)~~ Approve and monitor education, travel training and association membership requests by Board members under the Board Education and Travel Policy; and
- ~~g)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 67.²

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 appoint and may terminate a Fund actuary.~~³
- ~~12)~~11) The Board may hire, terminate, or pay other San Francisco departments for Board staff ~~will approve the process for the evaluation of the Fund actuary.~~

² ~~As required under San Francisco Sunshine Ordinance, Administrative Code, Chapter 67.~~

³ ~~City Charter, s. 12.100.~~

Communications

~~13)~~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

~~14)~~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.

~~15) — In the event of an adverse decision in a legal action to which the Board is a party, the City Attorney shall appeal through and to the highest court for final decision unless otherwise ordered by the Board.~~

Key Appointments

~~16)~~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, ~~e.g., the Service Provider Selection Policy.~~

~~17)~~15) The Board ~~may~~ ~~is responsible for~~ selecting and/or ratifying the following named service providers:

~~Consulting actuary;~~

~~a) — Legal and fiduciary counsel;~~

~~b) a) ___~~ Advisors on general governance-related matters;

~~e) b) ___~~ Fund custodian;

~~d) c) ___~~ Investment Consultant; and

~~e) d) _____~~ Investment Managers.

Monitoring and Reporting

~~18)~~16) The Board will ensure that appropriate monitoring and reporting practices are established and documented ~~within the Fund.~~

~~19)~~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.

~~20)~~18) The Board will monitor the performance of the Fund, ~~consistent with the Reporting and Monitoring Policy and Board investment policies,~~ 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.

~~21)~~19) The Board will monitor the effectiveness and efficiency of the administration of the Fund through a review of, at a minimum, ~~an implementation of the Strategic Plan and~~ the Annual Budget.

~~22)~~20) ~~Where a~~As needed, and with assistance of Fund staff, the Board will review the performance of:

- ~~The Fund actuary, if applicable; and~~
- a) Named service providers, as appropriate; and
- b) The Board itself.

~~23)~~ ~~With the assistance of Board staff, the Board will review the performance of named service providers, as appropriate.~~

History

~~24)~~21) ~~These terms of reference were adopted by the Board on April 22, 2013.~~

Review

~~25)~~22) The Board shall review these terms of reference at least every two (2) years.