



**SAN FRANCISCO RETIREE HEALTH CARE TRUST FUND (FUND)**  
**4.4 - RHCTF BOARD CODE OF CONDUCT**

**Background and Purpose**

- 1) As fiduciaries of a public trust, Retiree Health Care Trust Fund Board (Board) members are required to discharge their duties with respect to the Retiree Health Care Trust Fund (Fund) solely to provide a funding source to defray the cost of the City's, and other Participating Employers', obligations to pay for health coverage for retired persons and their survivors entitled to health coverage under Section A8.428. [Charter Section 12.204]. Board members are further expected to discharge their duties with the utmost honesty and integrity.
- 2) In accordance with ~~San Francisco~~ Charter ~~S~~section's 12.204 and A8.432, the Board has sole and exclusive fiduciary responsibility over the assets of the Fund.
- 3) The Board is bound by various statutes regarding conflicts of interest, financial disclosure, and prohibited practices including the San Francisco *Conflict of Interest Code* (San Francisco Campaign and Governmental Conduct Code, Article III, Chapter I) and *Ethics Provisions* (San Francisco Charter, Appendix C).<sup>1</sup>
- 4) To facilitate meeting the above standards and statutes, the Board has established this Code of Conduct to further guide how the Board and individual Board members are expected to conduct themselves when discharging their duties.

**Guidelines**

*General*

- 5) Board members agree:
  - a) To demonstrate decorum, honesty, integrity, professionalism and ethical behavior in all aspects of their Board duties and in their relations with fellow Board members, staff, service providers, and other constituents;
  - b) To recognize that the Board's role is to focus on administering the ~~statutory provisions of the Fund, as established through the political and collective bargaining processes, Board members shall generally refrain from advocating legislative changes unless such changes are cost-neutral or intended to facilitate effective administration of the Fund;~~
  - c) To actively prepare for each meeting by thoroughly reading all meeting materials in advance;

<sup>1</sup> The San Francisco *Conflict of Interest Code* adopts the State of California's Conflict of Interest Code, Regulation 18730 of the California *Fair Political Practices Commission*.

- d) To attend and participate in all Board meetings, unless unable to do so for reasons beyond their control;
- e) To pay undivided attention ~~and to refrain from using electronic communication devices~~ during Board and committee meetings; and
- f) To recognize that individual trustees and staff have various commitments on their time, and that the business of the Board must therefore be carried out in the most efficient manner possible, consistent with the Board's fiduciary duties.

### Compliance with Laws, Policies and Rules

- 6) Board members agree:
  - a) To become familiar with and abide by the laws pertaining to the Fund and the Board, particularly:
    - i. ~~Article XII of the~~ San Francisco Charter sections 12.204 and A8.432;
    - ii. The San Francisco *Conflict of Interest Code* (San Francisco Campaign and Governmental Conduct Code, Article III, Chapter 1);
    - iii. The San Francisco *Ethics Provisions* (San Francisco Charter, Appendix C);
    - iv. Relevant sections of the *Ralph M. Brown Act* (California Government Code, Section 54950 et seq.); and
    - v. Relevant sections of the *San Francisco Sunshine Ordinance* (San Francisco Administrative Code, Chapter 67).
  - b) To fulfill their fiduciary role in accordance with the governance principles and policies adopted by the Board;
  - c) To abide by all other Board policies and rules;
  - d) To the extent it is consistent with their fiduciary duties, to abide by and be respectful of all decisions of the Board, even if they may not have supported or voted in favor of the decisions during Board deliberations;
  - e) To continually work to promote a necessary degree of cohesion among Board members, staff, and service providers for the benefit of the Fund, the City, the Participating Employers, and Health Service System members and beneficiaries;
  - f) To work openly, honestly, and professionally when seeking to change Board policies or practices; and
  - ~~g) To enforce this Code of Conduct when it is apparent that a Board member has committed a breach.~~

### Enforcement Provisions

- ~~7) The President, in presiding over Board meetings, will enforce and attempt to rectify any breaches of this Code that may occur during Board meetings. Similarly, committee chairs will enforce and attempt to rectify any breaches of this Code that may occur in the course of a Board committee meeting.~~

- ~~8) Any Board member may petition the Board to investigate potential violations of this Code. Such petitions shall be submitted to the Board's designated legal counsel in the City Attorney's Office in writing or by electronic mail, and shall include any supporting information or evidence.~~
- ~~9) The City Attorney's Office may submit the petition to outside legal counsel. Outside legal counsel shall then inform each Board member and relevant staff of the petition within three business days of receipt of the petition and then undertake all responsibilities assigned herein to legal counsel. Alternatively, depending on the severity of the alleged breach, the City Attorney's Office may determine not to involve outside legal counsel and will, instead, assume responsibility for informing each Board member and relevant staff of receipt of the petition and for undertaking all responsibilities assigned herein to legal counsel.~~
- ~~10) Upon being informed by legal counsel of the petition, staff shall place the matter of the petition on the agenda for discussion and action at the next regularly scheduled Board meeting and shall inform the Board member who is the subject of the petition of his or her right to address the petition at said Board meeting.~~
- ~~11) Legal counsel will investigate the petition to determine if there are grounds for disciplinary actions, as provided for in this Code of Conduct, paragraph 13, and provide recommendations to the Board at its next regularly scheduled Board meeting.~~
- ~~12) The Board shall address the petition in open session. At such time, the Board will read the petition into the record, review any supporting materials or evidence, and hear from the Board member in question, and any other party recognized by the President. If the petition is made against the President, then the Board shall designate the Vice-President to act in his or her place for purposes of considering and addressing the petition.~~
- ~~13) Upon consideration of the factual circumstances and completion of the discussion, the Board may, by resolution:
  - ~~a) Dismiss the matter, where the Board believes there is insufficient substance to the allegation, or whether the matter is resolved to the Board's satisfaction;~~
  - ~~b) Find that there has been a violation of this Code and identify the supporting facts. The Board will explain to the offending Board member how the violation adversely impacts the Board and the System. The Board may also:
    - ~~i. Ask the offending Board member to rectify past actions, if possible, or refrain from similar actions in future;~~
    - ~~ii. Request that the offending Board member undertake special educational or counseling initiatives that may be of assistance to the Board member in addressing the matter;~~
    - ~~iii. Remove the offending Board member from the position of President, Vice-President, or committee chair, or from any Board committee assignment the Board member may hold;~~~~~~

- ~~iv. Bar the offending Board member from serving as President, Vice-President, or committee chair, or from serving on a Board committee, for a specified period of time; or~~
- ~~v. Move for censure (see Appendix for censure procedures).~~

**Policy Review**

~~14)7)~~ The Board shall review this policy at least every two (2) years to ensure that it remains relevant and appropriate.

**~~Policy History~~**

~~15) The Board adopted this policy on April 22, 2013.~~

**Appendix**  
**Procedures for Censure of a Board Member**

- ~~1) Censure shall be defined as an official rebuke, an expression of strong disapproval, harsh criticism or condemnation.~~
- ~~2) As established by the City Attorney, the Board's legal counsel, a Fund trustee is held to a prudent expert standard, and is generally expected to maintain higher moral, ethical and professional standards than the average person. Accordingly, the following non-exhaustive list shall include grounds for censure:
  - ~~a) False and/or misleading communications;~~
  - ~~b) Slanderous and/or libelous communications;~~
  - ~~c) Unauthorized communications relating to the Fund;~~
  - ~~d) Unprofessional conduct;~~
  - ~~e) Convicted illegal acts; and~~
  - ~~f) Adjudicated civil acts.~~~~
- ~~3) Censure is a serious matter and shall not be used as a tool for harassment; any allegation must be supported by evidence, not hearsay.~~

**Procedure for Censure**

- ~~4) In a separate motion, the Board shall vote on whether cause for censure exists, and a super majority of the Board shall be required to decide the matter. If cause is not found, the matter is ended.~~
- ~~5) If the Board votes in favor of censure,
  - ~~a) Within three business days of the meeting, Legal Counsel shall draft a censure letter which, by separate paragraphs, shall include:
    - ~~i) To whom the censure is being applied;~~
    - ~~ii) The definition of censure;~~
    - ~~iii) The allegation;~~
    - ~~iv) The findings of fact;~~
    - ~~v) The final Board action; and~~
    - ~~vi) That inquiries in writing are to be addressed to Board staff.~~~~
  - ~~b) Within two business days, the non-censured Board members shall review the censure letter;~~
  - ~~c) Legal counsel shall, within two business days, review any edits made to the censure letter by the non-censured Board members;~~
  - ~~d) The Board will finalize the censure letter within one business day of legal counsel completing the above revision; and~~~~

- ~~e) Staff will then prepare the censure letter on Fund stationery, sign and distribute it within one business day of the Board finalizing the letter.~~
- ~~6) The censure letter shall be mailed, via U.S. Post, to the following parties:
  - ~~a) Each member of the Board;~~
  - ~~b) San Francisco Ethics Commission President;~~
  - ~~c) Mayor of San Francisco;~~
  - ~~d) Each member of the Board of Supervisors;~~
  - ~~e) San Francisco City Attorney; and~~
  - ~~f) The media including, at a minimum, the San Francisco Chronicle, San Francisco Examiner, Pensions and Investments magazine and the San Francisco Retirement Newsletter.~~~~
- ~~7) The censure letter shall also be posted on the Fund's web site.~~
- ~~8) Prior to mailing the censure letter, Fund staff will provide advance notice by telephone to each of the following:
  - ~~a) Mayor of San Francisco;~~
  - ~~b) President of the Board of Supervisors;~~
  - ~~c) San Francisco Ethics Commission President; and~~~~
- ~~9) Fund staff shall maintain a log of all inquiries received in connection with the censure letter, including the name and title of any individual making an inquiry, and the date and nature of the inquiry.~~