



MEMORANDUM

To: San Francisco Retiree Health Care Trust Fund Board
From: Mika Malone, Brad Regier, Stephen McCourt
Meketa Investment Group
Date: July 29, 2013
Re: Initial Priorities and Timeline

Thank you for hiring Meketa Investment Group as investment consultant to the San Francisco Retiree Health Care Trust Fund (“RHCTF”). This memorandum outlines suggested priorities for the Board to consider, as well as a timeline for these issues. This timeline can be adjusted to meet the needs of the Board.

INITIAL FUND REVIEW AND INITIAL PRIORITIES

Upon being hired by a new client, Meketa Investment Group undertakes a comprehensive Initial Fund Review, which is designed to achieve the following objectives:

- Identify and describe the major components and characteristics essential to the long-term success of an investment pool.
- Provide a brief review of these components and their present status for the RHCTFB.
- Develop an action plan for the RHCTFB, including a priority level for each project.

Since the RHCTF is a new fund, the Initial Fund Review may be used as more of a platform or guide from which we plan to address and discuss these issues. Meketa Investment Group has identified four priority areas to be addressed over the next twelve months.

1. Create an Investment Policy Statement.
2. Conduct a custody search.
3. Set an asset allocation policy.
4. Implement the asset allocation policy.

TIMELINE

The RHCTFB currently has quarterly meetings scheduled for July, October, January, and April. In our experience, new clients often call a few special interim meetings at the beginning of a relationship, in order to accelerate the pace of work. Meketa Investment Group anticipates meeting in person with the Board up to four additional times during the first year. The table below outlines potential agenda items for currently scheduled meetings over the next year. This plan does not represent rigid time parameters, but based on our experience, it does represent a reasonable timeframe for the Board to make thoughtful decisions on the future course of the RHCTF's assets.

	Month	Board Meeting Agenda Items
Meeting 1	Jul 2013	Initial priorities and timeline
Meeting 2	Oct 2013	Initial Fund Review Investment policy statement Custody search RFP Asset class education Asset allocation policy
Meeting 3	Jan 2014	Investment policy statement Custody search finalists Asset class education Asset allocation policy Implementation plan Manager search process
Meeting 4	Apr 2014	Asset class structure Manager searches

We look forward to working with the RHCTFB. If you have any questions, please do not hesitate to contact us at (760) 795-3450.

cc: Erik Rapoport

BMR/MLM/nca