



Retiree Health Care Trust Fund Board

DRAFT BOARD MEETING MINUTES

Rescheduled Regular Meeting

Thursday, May 22, 2014

1:30 PM

City and County of San Francisco
30 Van Ness Avenue, Suite 3000
San Francisco, CA 94102

RETIREE HEALTH CARE TRUST FUND BOARD MEMBERS

President

Pauline Marx

Vice President

Ed Walsh

Members

Carol Cypert

Leo Levenson

Clare Murphy

Disability Access

The meeting will be held at SFERS Office, 30 Van Ness Avenue, Suite 3000, San Francisco, CA 94102. The Retiree Health Care Trust Fund Board Meeting Room is wheelchair accessible. Accessible seating is available for persons with disabilities or wheelchairs. The following services are available upon request:

- American Sign Language interpreters will be available upon request.
- A sound enhancement system will be available upon request at the meeting.
- Minutes of the meeting are available in alternative formats.

If you require the use of any of these services, contact Rosanne Torre, Board Secretary, at (415) 554-7401 or by email at rosanne.torre@sfgov.org at least two (2) business days before the meeting.

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In order to assist the City's effort to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals.

Summary of Retiree Health Care Trust Fund Board Policy Regarding Public Comment

Speakers are urged to fill out a speaker card in advance, but may remain anonymous if so desired. A member of the public has up to three minutes to make pertinent public comments before action is taken on any agenda item. A member of the public may comment on any matter within the Board's jurisdiction at the designated time at the end of the meeting. Call Rosanne Torre, Board Secretary, for further assistance at (415) 554-7401 or email at Rosanne.Torre@sfgov.org.

Summary of Retiree Health Care Trust Fund Board Policies Regarding Cell Phones and Pagers

The ringing and use of cell phones, pagers and similar sound-producing electronic devices are prohibited at this meeting.

The chair of the meeting may order the removal from the meeting room of any person(s) in violation of this rule.

The chair of the meeting may allow an expelled person to return to the meeting following an agreement to comply with this rule.

Knowing Your Rights Under the Sunshine Ordinance (Chapter 67 of the San Francisco Administrative Code)

Government's duty is to serve the public; reaching its decisions in full view of the public. Commissions, boards, councils and other agencies of the City and County exist to conduct the people's business. This ordinance assures that deliberations are conducted before the people and that City operations are open to the people's review. For more information on your rights under the Sunshine Ordinance or to report a violation of the ordinance, contact:

Sunshine Ordinance Task Force
City Hall
1 Dr. Carlton B. Goodlett Place, Room 244
San Francisco CA 94103-4689
(415) 554-7724
by fax at (415) 554-7854
or by email at sotf@sfgov.org

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from The Sunshine Ordinance Task Force or by printing Chapter 67 of the San Francisco Administrative Code located on the Internet at <http://www.sfgov.org/sunshine/>. To review or obtain meeting documents covered under the Sunshine Ordinance contact Rosanne Torre, Board Secretary, City Hall, Room 488, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102; telephone (415) 554-7401; or send email with your request to rosanne.torre@sfgov.org.

Lobbyist Registration and Reporting Requirements

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance (SF Campaign & Governmental Conduct Code § 2.100) to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the San Francisco Ethics Commission at 25 Van Ness Avenue, Suite 220, San Francisco, CA 94102; telephone (415) 252-3100; fax (415) 252-3112; or web site www.sfgov.org/ethics.

CALENDAR

□ Call to Order

□ Roll Call: **Commissioner Carol Cypert 1:30 pm**
 Commissioner Leo Levenson 1:30 pm
 Commissioner Pauline Marx 1:30 pm
 Commissioner Clare Murphy 1:30 pm
 Commissioner Ed Walsh 1:30 pm

□ 05222014-01 Discussion item **Discussion regarding obtaining staff support for RHCTF administration.**

Documents provided to the Board prior to meeting:

None

President Marx introduced Matthew Podolin, Senior Performance Analyst of the Controller's Office. Mr. Podolin is to provide the Board with support on administrative items.

□ 05222014-02 Action item **Approval of the Minutes of the January 28, 2014 Meeting.**

Documents provided to the Board prior to meeting:

Draft Minutes of the January 28, 2014 Board Meeting

Moved by Commissioner Walsh, seconded by Commissioner Cypert to approve the Minutes of the January 28, 2014 Board Meeting.

Approved by the following vote:

Ayes: Cypert, Levenson, Marx, Murphy, Walsh

□ 05222014-03 Action item **Report on current funding status (budget) of RHCTF and approval of the proposed budget for FY2014-15.**

Documents provided to the Board prior to meeting:

RHCTF Funding Status and Budget Updated 05-08-2014 and FY2014-15 Proposed Budget

Theresa Kao, Budget and Revenue Analyst for Controller's Office, presented the current and projected budget and the FY2014-15 and FY2015-16 Proposed Budgets.

Moved by Commissioner Cypert, seconded by Commissioner Levenson to approve the RHCTF

FY2014-15 Budget.

Approved by the following vote:

Ayes: Cypert, Levenson, Marx, Murphy, Walsh

- 05222014-04 Discussion item

Report on current investment status of RHCTF.

Documents provided to the Board prior to meeting:

Office of the Treasurer & Tax Collector's
Investment Report for the Month of April 2014

Office of the Treasurer & Tax Collector provided a written report.

- 05222014-05 Discussion and Possible Action item

Meketa report regarding Implementation Recommendations, Timeline and Asset Allocation Review.

Documents provided to the Board prior to meeting:

City and County of San Francisco Retiree Health Care Trust Fund, May 22, 2014 Report

Mika Malone, of Meketa Investment Group, presented the City and County of San Francisco Retiree Health Care Trust Fund, May 22, 2014 Report. At the January 28, 2014 RHCTFB meeting Meketa presented a report on four potential options for implementing an investment program. Two options were discarded after discussion and the Board requested that Meketa bring additional information on Option 2 to co-invest in passive investments with the San Francisco Employees' Retirement System (SFERS), and Option 3 to invest with the California Employers' Retiree Benefit Trust (CERBT) to this meeting.

Ms. Malone presented the Asset Allocation Policy Review section. Ms. Malone suggested that the Board consider approval of the Investment Policy Statement at this meeting noting that adjustments would be made depending on which option is selected.

The Board engaged in a question and answer session.

Moved by Commissioner Cypert, seconded by Commissioner Levenson to adopt Investment Option 2 to Co-Invest in Passive Investments with the San Francisco Employees' Retirement System.

Approved by the following vote:

Ayes: Cypert, Levenson, Marx, Murphy, Walsh

□ 05222014-06

Action item

Approval of RHCTF Board Manual

Documents provided to the Board prior to meeting:

Draft RHCTFB Governance Policies, including

- Introduction
- Governance Principles
- Fiduciary Policy
- Terms of Reference
- Operations Policy
- Communications Policy
- Education and Travel Policy
- Code of Conduct Policy

Matthew Podolin presented the draft policies noting that they are based on those of the SFERS Board. He covered the suggested changes to the Education and Travel Policy noting that each Board member would have 10% of the budget allocated to their individual training for a total of 50% of the budget. Memberships and associations have been added to the policy.

The Board suggested changes to be made to the other policies.

Erik Rapoport, Deputy City Attorney, recommended that this review be continued to the next meeting to give time to finalize all of the policies outside of the Education and Travel Policy.

Moved by Commissioner Walsh, seconded by Commissioner Murphy to approve the Education and Travel Policy.

Approved by the following vote:

Ayes: Cypert, Levenson, Marx, Murphy, Walsh

□ 05222014-07

Action item

Approval of the Investment Policy Statement

Documents provided to the Board prior to meeting:

Draft Investment Policy Statement see Agenda item 05 Meketa report: City and County of San Francisco Retiree Health Care Trust Fund, May 22, 2014, tab 2 of the report.

The Board decided to go forward with approval of the Investment Policy Statement acknowledging that there would be changes made to it based on the future selected asset allocation.

Moved by Commissioner Cypert, seconded by Commissioner Murphy to approve the Investment

Policy Statement.

Approved by the following vote:

Ayes: Cypert, Levenson, Marx, Murphy, Walsh

- 05222014-08 Action item

Approval of RHCTFB Statement of Incompatible Activities.

Documents provided to the Board prior to meeting:
SFERS Statement of Incompatible Activities

Matthew Podolin provided the SFERS Statement of Incompatible Activities (SIA) as an example to the Board. He will return with a tailored version of the SIA for the Board.

President Marx noted that this is a discussion item only and not an action item as indicated on this agenda. This item will be on the agenda for the next Regular meeting.

- 05222014-09 Action item

Approval of FY 2013-14 Quarterly Billings.

Documents provided to the Board prior to meeting:
Quarterly Billings for January 01, 2014 through March 31, 2014.

Rosanne Torre, Board Secretary, presented the FY 2013-14 Quarterly Billings for administrative support to the Board.

Moved by Commissioner Levenson, seconded by Commissioner Cypert to approve the Quarterly Billings for FY 2013-14, January 01, 2014 through March 31, 2014.

Approved by the following vote:

Ayes: Cypert, Levenson, Marx, Murphy, Walsh

- 05222014-10 Discussion Item

Status on the RHCTFB Election

Documents provided to the Board prior to meeting:
None

Rosanne Torre, Board Secretary, reported that as of May 19, 2014, 7264 ballot envelopes were received of about 53,000 mailed out. The election ends May 27, 2014, and the Department of Elections will count votes on May 28, 2014. We will learn who received the most votes on either May 28, 2014 or May 29, 2014.

- 05222014-11 Discussion item

Annual Report on educational trainings for FY13-14

Documents provided to Board prior to meeting:

List of educational trainings for FY13-14

Rosanne Torre presented the education trainings taken by the Board.

- 05222014-12 Discussion item

Report by President Marx on Opal Investment Education Symposium.

Documents provided to Board prior to meeting:

RHCTFB Conference Attendance Report 2014

President Marx provided the RHCTFB Conference Report 2014.

- 05222014-13 Action item

List of educational opportunities and information on Board membership to International Foundation of Employee Benefit Plans.

Documents provided to Board prior to meeting:

- 1) International Foundation of Employee Benefit Plans (IFEBP) membership information brochure and cost
- 2) Principles of Pension Management CALAPRS

Rosanne Torre, Board Secretary, reported on the organizational membership costs of IFEBP.

The Board discussed the benefits of obtaining organizational membership with IFEBP.

Moved by Commissioner Walsh, seconded by Commissioner Murphy to approve organizational membership for the RHCTFB membership in the IFEBP starting in July 2014.

Approved by the following vote:

Ayes: Cypert, Levenson, Marx, Murphy, Walsh

- 05222014-14 Action item

Opportunity to place items on future board agendas

1. Meketa to return with asset allocation information.

The Board decided to hold a Special Meeting on June 18, 2014, at 8:30 am, to discuss asset allocation.

- 05222014-15 Discussion item

Opportunity for the public to comment on any matters within the Board's jurisdiction.

There were no public comments.

- Adjournment: There being no further business, the Board adjourned its meeting at 3:25 pm.