



# **SAN FRANCISCO RETIREE HEALTH CARE TRUST FUND (RHCTF)**

## **RHCTF BOARD POLICY MANUAL**





**SAN FRANCISCO RETIREE HEALTH CARE TRUST FUND  
RHCTF BOARD POLICY MANUAL  
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## 1.1 - INTRODUCTION

The governance and management of the Retiree Health Care Trust Fund (Fund) is subject to myriad requirements set out in laws, policies and procedures. Retiree Health Care Trust Fund Board (Board) members must be familiar with these requirements to effectively and prudently carry out their duties and responsibilities. To assist Board members in gaining such an understanding, the current version of the Manual contains:

- Terms of reference, which describe the roles and responsibilities of various decision-making bodies within the Board;
- The governance policies, which set out how the Board will generally function, and how it will carry out some of its specific responsibilities;<sup>1</sup>
- Various statutes or parts of statutes applicable to the Board.

This Board Governance Manual does not contain all of the laws and policy-type documents that apply to the Fund and the Board.

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<sup>1</sup> A useful way to distinguish between *terms of reference* and *governance policies* is that terms of reference describe the duties a party is expected to carry out, while the governance policies describe *how* certain duties are to be carried out.



**SAN FRANCISCO RETIREE HEALTH CARE TRUST FUND (RHCTF)  
2.1 - GOVERNANCE PRINCIPLES OF THE RHCTF BOARD**

- 1) Board members shall carry out their duties with the highest standards of ethics, integrity, and fiduciary duty.
- 2) The Board's approach to governance will be proactive rather than reactive; that is, the Board will attempt to address issues of importance before they become urgent.
- 3) Board and staff roles must be clear and distinct from one another; the Board's role is to set policy and oversee the RHCTF (Fund), while staff's role is to provide administrative support for the Board.
- 4) The Board can influence the Fund's success most effectively through the setting, monitoring, and refinement of Board policy.
- 5) The Board will devote the majority of its attention to items that have the potential to significantly impact the success of the Fund.
- 6) The Board shall hold itself and its staff accountable for meeting high standards of fiduciary excellence.
- 7) To be effective, the Board must work towards developing its own knowledge regarding managing Fund assets.
- 8) The Board's role extends to both investments and Fund administration.
- 9) The governance of the Fund will be treated as an important duty.
- 10) The Board's governance policies will be modified when necessary.
- 11) With respect to the Fund, Board members do not have power as individuals, but only as part of the Board as a whole.
- 12) The role of committees is to perform in-depth discussion and review of Board business, or serve as a forum for education, and to enable the full Board to make informed decisions in an efficient manner.



**SAN FRANCISCO RETIREE HEALTH CARE TRUST FUND (RHCTF)**  
**2.2 - RHCTF BOARD FIDUCIARY POLICY**

**Background and Purpose**

1. The San Francisco Retiree Health Care Trust Fund Board (Board) is the governing fiduciary for the RHCTF. As such, the Board is charged with governing the RHCTF. Section 12.204 (A8.432) of the City Charter.

**Policy Objectives**

2. The objective of this policy is to ensure that all Board members understand their fiduciary duties.

**Governing Law**

3. The Board is established under Article XII of the Charter of the City and County of San Francisco (the City Charter). Section 12.204 (A8.432) of the City Charter provides in relevant part that:

The Retiree Health Care Trust Fund ("RHCTF" or "Fund") shall be an irrevocable trust fund established under Section A8.432. and separate from the Health Service System trust fund described in Charter Section 1.203 and A8.428, 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. Fund assets shall be held for the sole and exclusive purpose of providing health coverage to eligible retired persons and their survivors, and to defray the reasonable expenses of administering the RHCTF, including but not limited to educational, actuarial, consulting, administrative support and accounting expenses associated with the RHCTF. Administrative costs, including but not limited to educational, actuarial and consulting expenses associated with the Retiree Health Care Trust Fund, as adopted by the board of supervisors in the annual budget, shall be paid from the Retiree Health Care Trust Fund, but only upon adoption of a resolution by the Retiree Health Trust Fund Board approving such expenses.

4. Charter Sections A8.409-7 and A8.590-8 provide that the provisions and operation of the RHCTF shall be determined pursuant to Charter Sections 12.204, A8.432, and A8.433.

**Fiduciary Duties**

5. Overall, as a fiduciary, the Board must exercise the care, skill, prudence and diligence that a prudent person acting in a like capacity and familiar with such matters would use in the conduct of an enterprise of like character and with like aims. In addition, the Board must act in accordance with the terms of the RHCTF. The Trust Agreement

adopted on August 30, 2010 by the Board, describes the Board's specific fiduciary duties and limitations.

6. The Board must always be aware that the RHCTF was created for the sole and exclusive purpose of 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 Charter Section A8.428. No portion of the RHCTF may be used for or diverted to any other purpose. No portion of the principal or income of the RHCTF may revert to an employer except in the very limited circumstances consistent with the irrevocability of contributions under the Code and GASB 43 or GASB 45.
7. Administrative costs, including but not limited to educational, actuarial, legal, investment and consulting expenses associated with the RHCTF, may be paid from the RHCTF, but only upon adoption of a resolution by the Board approving such expenses or as otherwise provided in Board Policies.
8. Trust assets may not be used to satisfy the claims of any creditor of any employer.
9. No part of the RHCTF's net earnings may inure to the benefit of a private person. Private parties may not participate in, or benefit from, the operation of the RHCTF.
10. The Board has the exclusive authority and control over the administration and management of the RHCTF, the investment of trust assets, and disbursements from the RHCTF, pursuant to Charter Sections 12.204 and A8.432 and Trust Agreement Section 4.02.
11. The Board shall receive and accept for the purposes hereof all contributions described herein and shall hold, invest, reinvest, manage, administer, and distribute property and the increments, proceeds, earnings, and income 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 Charter Section A8.428. .

### **Powers and Duties**

12. The Board has such power and authority, including discretion with respect to the exercise of that power and authority, as may be necessary, advisable, desirable, or convenient to the Board, in its sole discretion as a fiduciary subject to the provisions of the RHCTF, and consistent with Charter Sections 12.204 and A8.432, including the power and authority:
  - (a) To make regulations with respect to the RHCTF not inconsistent with the RHCTF Trust Fund Agreement, GASB 43 or 45, Internal Revenue Code Section 115 or applicable law, and to amend or rescind such regulations;
  - (b) To determine, consistent with the applicable laws, rules or regulations, all questions of law or fact that may arise as to any person or entity claiming rights under the RHCTF;

- (c) Subject to and consistent with GASB 43 and 45, Internal Revenue Code Section 115 and applicable law, to construe and interpret the RHCTF Trust Fund Agreement, and to correct any defect, supply any omission, or reconcile any inconsistency in the RHCTF Trust Fund Agreement;
- (d) To provide for termination of trusteeship and transfer of assets to successor trustees as permitted by law;
- (e) To employ legal counsel;
- (f) To employ and contract with actuaries, auditors, accountants, investment advisers, investment brokers, consultants, and other agents and employees;
- (g) To collect and disburse all investment proceeds under the RHCTF;
- (h) To provide for and promulgate all the rules, regulations, and forms that are deemed as necessary or desirable in fulfilling its trust purpose and in maintaining proper records and accountings consistent with GASB Statement 43 and 45 and Internal Revenue Service standards;
- (i) To bring and defend actions, sue and be sued, and plead and be impleaded;
- (j) To expend funds for the reasonable expenses of the Board while engaged in the performance of their duties;
- (k) To employ insurance companies, banks, trust companies, and/or investment brokers as agents for the keeping of records and the receipt and disbursement of funds held by or due the Board;
- (l) To adopt and amend investment policies, guidelines, restrictions, and requirements;
- (m) Except as otherwise provided by regulation, or as delegated to the custodian or an investment manager, to have complete control of the management and investment of the RHCTF, and have all powers necessary or convenient to enable it to exercise such control;
- (n) To invest and reinvest funds held by the RHCTF in any investments which are legal investments under California law, and to decide the allocation of funds among such investments. The Board shall also periodically review the portfolio to make sure the investments are diversified appropriately;
- (o) To exercise generally any of the powers of an owner with respect to all or any part of the RHCTF; and
- (p) To take all actions consistent with the RHCTF Trust Fund Agreement necessary or appropriate to administer or carry out the purposes of the RHCTF; provided, however, the Board need not take any action unless in its opinion there are sufficient RHCTF assets available for the expense thereof.

**Delegation to Trust Fund Administrator**

13. The Board hereby delegates to the RHCTF Administrator (Administrator) the responsibility for accepting contributions to the RHCTF and remitting said contributions to the custodian.
14. The Administrator is also responsible for crediting the deposits to the appropriate sub-trust, if sub-trusts have been established. In all cases, deposits of contributions shall be treated as actually made only as of the date the funds are accepted as in good order by the Administrator.
15. The Administrator shall account for contributions, income, and payments made to or from the RHCTF.

**Delegation to Others**

16. The Board may from time to time delegate to an individual, committee, or organization certain of its fiduciary responsibilities under the RHCTF. Any such individual, committee, or organization shall remain a fiduciary until such delegation is revoked by the Board, which revocation may be without cause and without advance notice. Such individual, committee, or organization shall have such power and authority with respect to such delegated fiduciary responsibilities as the Board has under the RHCTF.

**Limitations of Board Responsibility**

17. The Board has no duties other than those expressly set forth in the Trust Agreement of August 30, 2010, and those imposed on the Board by applicable laws.
18. The Board shall be under no duty to determine whether the amount of contributions paid to the RHCTF are adequate to meet the employers' obligations for health and welfare benefits, or to collect or enforce payment of any employers' contributions.
19. The Board shall be responsible only for money and property actually received by the RHCTF.
20. The Board shall have no responsibility or duty to define the specific design of the health and welfare benefits, including but not limited to, selecting providers. Nor shall the Board be responsible for establishing, providing, administering or accounting for the health and welfare benefits.
21. The Board shall not be responsible for any particular Federal, state or local income, payroll or other tax consequence to an employer or a retiree, spouse, or dependent.
22. The Board shall not be responsible for the correctness of any determination of payments to, or disbursements from, the Trust Fund.
23. No Trustee shall have any liability for the acts or omissions of any predecessor or successor in office.
24. The Board shall have no liability for: (i) the acts or omissions of any investment manager or managers; (ii) the acts or omissions of any insurance company; (iii) the acts



or omissions of any investment fund; (iv) the acts or omissions of any custodian; or (vi) the acts or omissions of any contractor, vendor, actuary or other service provider.

**Publication**

25. A copy of this policy will be made available to the Mayor's office upon request, for the information of candidates seeking appointment to the Board. Copies of this policy will also be made available to candidates seeking election or appointment to the Board, for their information.

**Policy Review**

26. The Board will review this policy at least every two (2) years to ensure that it remains relevant and appropriate.



**SAN FRANCISCO RETIREE HEALTH CARE TRUST FUND (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 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 any RHCTF staff.

*Governance*

- 5) The Board will approve and amend, as necessary:
  - a) Rules and regulations consistent with the City Charter and ordinances<sup>1</sup>;
  - b) Terms of Reference describing the roles and responsibilities of the Board and Board committees;
  - 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;

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<sup>1</sup> 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).

- 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 pursuant to the Board Education and Travel Policy; and
- f) Ensure that a record of the proceedings of Board and committee meetings is maintained.<sup>2</sup>

*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 legal counsel for the Fund
- 12) The Board may hire, terminate, or pay other San Francisco departments for Board staff.

*Communications*

- 13) 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) 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

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<sup>2</sup> As required under *San Francisco Sunshine Ordinance*, Administrative Code, Chapter 67.

- b) Recommend changes to legislation that are either cost-neutral, or that are intended to facilitate more efficient investment administration.

*Key Appointments*

- 15) 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.
- 16) The Board may select and/or ratify the following named service providers:
  - a) Fund Actuary<sup>4</sup>;
  - b) Fund Administrator
  - c) Board Secretary
  - d) Advisors on general governance-related matters;
  - e) Fund custodian;
  - f) Investment Consultant; and
  - g) Investment Managers.

*Monitoring and Reporting*

- 17) The Board will ensure that appropriate monitoring and reporting practices are established and documented.
- 18) The Board will periodically monitor compliance with, and review the continued appropriateness of, the governance structure and processes, including:
  - a) Board terms of reference; and
  - b) Board governance policies and rules.
- 19) 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.
- 20) The Board will monitor the effectiveness and efficiency of the administration of the Fund through a review of, at a minimum, the Annual Budget.
- 21) As needed, and with assistance of Board Staff, the Board will review the performance of:
  - a) Named service providers, as appropriate; and
  - b) The Board itself.

**Review**

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

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<sup>4</sup> City Charter, s. 12.100.



**SAN FRANCISCO RETIREE HEALTH CARE TRUST FUND (RHCTF)**  
**4.1 - RHCTF BOARD OPERATIONS POLICY**

**Purpose**

- 1) This Retiree Health Care Trust Fund Board (Board) Operations Policy is intended to set out the manner in which the Board will carry out its affairs and includes guidelines addressing, among other things, the appointment of officers, the establishment of committees and the conduct of meetings.
- 2) The Board shall exercise its authority, functions, powers and duties in accordance with Charter Sections 4.100 – 4.104, 12.204, A8.432 and A8.432-1; with applicable provisions of the Administrative Code of the City and County of San Francisco as enacted by ordinances of the Board of Supervisors; and in accordance with Board rules, resolutions and policies as it may adopt from time to time.

**Policy Guidelines**

*Board Composition*

- 3) In accordance with Charter Section 12.204, the Board shall consist of five (5) trustees, one of whom shall be appointed by the City Controller, one of whom shall be appointed by the City Treasurer, one of whom shall be appointed by the Executive Director of the San Francisco Employees Retirement System, and two of whom shall be elected from among active employee and retired members of the City's Health Service System. One of the elected trustees shall be an active employee member and one shall be a retired member as of the date of their respective elections. [Charter Section 12.204]
- 4) The term of office of each elected member shall be five (5) years, unless the elected member has been elected to complete the unexpired term of office of a resigned or deceased member. In that event, the newly elected member shall serve only that portion of the unexpired term of office.
- 5) Election of President and Vice President:
  - a) At its first regular meeting in July of each year, the Board shall elect one of its members President and one of its members Vice President, and each shall hold office for a term ending at the adjournment of the Board meeting in which a successor has been elected;
  - b) The Vice President shall assume the duties of the President when the President is absent, or when the President shall designate the Vice President to act;
  - c) In the event of the death, resignation, removal from office, or permanent disability of the President, the Vice President shall temporarily act for the

President. The Board shall elect a President at its next Board meeting, and if necessary a Vice President, to serve until the normal expiration of the term of the succeeded President; and

- d) The term of office for the President and Vice-President shall be one year, and the offices of the President and Vice-President shall be subject to a two- term limit.

*Duties and Responsibilities of the President and Vice-President*

- 6) The President will exercise the powers and will perform the duties and functions as specified herein:
  - a) Recommend to the Board the appointment of Board members and a chair to each standing or ad hoc board committee by the following Board meeting after the President is elected;
  - b) Preside at all Board meetings, ensuring that such meetings are conducted in an efficient manner and in accordance with the *San Francisco Sunshine Ordinance* (Administrative Code, Chapter 67), the public meeting laws set out in the *Ralph M. Brown Act* (California Government Code Section 54950 et seq.) and the principles embodied in *Robert's Rules of Order, Revised*;
  - c) Act as the spokesperson for the Board;
  - d) Work to ensure that the Board discharges its duties and responsibilities as set forth in its terms of reference and the Board's governance policies; and
  - e) Support the committee chairs in the exercise of their duties.
- f) The Vice-President will exercise the powers, and will perform the duties and functions, as specified herein:
  - a) Assume the duties of the President when the President is absent, or when the President shall designate the Vice-President to act; and
  - b) Temporarily act for the President in the event of death, resignation, removal from office or permanent disability of the President.
  - c) When acting for the President, the Vice-President shall have all of the powers of the President and shall assume all of the duties of the President.

*Board Committees*

- 7) Based on the recommendations of the President, the Board will:
  - a) approve the establishment of standing and ad hoc committees; and
  - b) annually approve the members and chairs of standing and ad hoc committees.
- 8) With the exception of committees of the whole, committees shall be comprised of two (2) Board members, one of whom shall be the committee chair.
- 9) The term of office for chairs of standing committees shall be limited to one year, and there shall be no limit to the number of terms for which a committee chair may serve.

- 10) Members and chairs of ad hoc committees shall serve until the dissolution of the committee.
- 11) In the absence of a committee chair, the committee chair may designate in advance another committee member to act as chair for a particular meeting, failing which the remaining committee members shall designate one of themselves to act as chair for such meeting.
- 12) In the event of a vacancy on any standing or ad hoc committee, the President shall at the next Board meeting recommend to the Board a replacement for its approval.

### **Meetings of the Board and Committees**

#### *Board Meetings - Time and Location*

- 13) Regular Meetings:
  - a) Regular meetings shall be held on the 4<sup>th</sup> Monday of July, October, January and April at 3:00 PM, in the San Francisco Employees' Retirement System Board Meeting Room, 30 Van Ness Ave, Suite 3000, or at other date, time, or place as the Board may designate; and
  - b) When a Regular Meeting day falls on a holiday, the Board shall designate another day for its meeting.

#### *Teleconferencing*

14. Board members may not participate by teleconference or videoconference in Board or committee meetings.
15. Advisors, consultants, other vendors, the Fund Administrator, or Board staff may participate by teleconference or videoconference only in open session agenda items at Board and committee meetings.

#### *Calendar, Meeting Materials, and Minutes*

16. Calendar:
  - a) Board members may request that any matter be calendared. All such requests shall be calendared within a reasonable period of time.
  - b) Only items that have been calendared will be heard by the Board at any meeting. The Board may consider emergency items provided they have been noticed in writing at least 24 hours in advance of the Board meeting, consistent with the *Ralph M. Brown Act*.
  - c) A request that a calendared item be heard out of order shall be presented at the start of the meeting to the President, stating the reason for the request. The President shall decide if the request shall be granted.
  - d) All calendared matters to be postponed shall be announced at the start of the meeting, except that any Board member or any interested party may, during the course of a meeting, request postponement of an action. The President shall approve or reject any request to postpone an action being considered by the Board at its meeting.
18. Meeting Materials:

The Board shall receive an advance calendar no later than the Friday preceding the next scheduled meeting.

19. Minutes:

- a) Board staff shall record in the minutes the time and place of each Board meeting, the names of the Board members present, all official acts of the Board, and the votes of the members; and
- b) The minutes shall be written and presented for correction and approval within a reasonable time.

**Board Resolutions**

20. In carrying out the Board's authority, functions, powers, and duties, the Board may, from time to time, enact and adopt resolutions which are not specifically provided for in its rules, and which are not in conflict with existing sections of the Charter and the Administrative Code.
21. The term "resolution" shall mean any action of the Board which prescribes or defines Board policy in written form.
22. The Board shall enact and adopt resolutions in accordance with the following procedures:
  - a) At any regular or special Board meeting, any Board member may move the adoption of a resolution which may be stated orally or in writing;
  - b) Board staff will be responsible for performing, or causing to be performed, all necessary research and analysis to support resolutions prior to their adoption by the Board;
  - c) Prior to its adoption, the proposed resolution shall be prepared by Board staff in proper format, and shall thereafter be forwarded to the City Attorney for approval as to format and legality. The proposed resolution shall thereafter be presented to the Board for action; and
  - d) An adopted resolution shall be signed and dated by the Board President and Board Secretary. All adopted resolutions shall be numbered in orderly sequence and shall be retained by Board staff. Said resolutions shall be readily accessible to the public.

**Legislation**

23. The Board may, at its discretion, act upon or consider any legislation affecting the Fund. Legislation shall include, but not be limited to, proposed charter amendments, ordinances or resolutions of the Board of Supervisors, and bills, resolutions, propositions, or constitutional amendments pending or emanating from the California State Legislature or the Congress of the United States. Action on any legislation being considered by the Board shall require at least three affirmative votes.
24. Any Board member may request Board action on legislation pertaining to, or affecting, the Fund; provided, however, that if possible the Board shall secure from the staff a report which shall reflect, if possible, arguments for and against the legislation, together with any other information or data relevant to the legislation.



25. Whenever the Board determines an official position on legislation pending before a legislative body or a committee thereof, Board staff shall communicate said position in writing or orally, or both, to said legislative body or committee thereof.
26. Whenever the Board determines an official position on legislation pending before the electorate, Board staff may communicate said position to any source or entity, which may have an interest in or which may promulgate or publicize the Board's official position.

**Quorum and Rules of Order**

27. The majority of all the members of the Board shall constitute a quorum. The Board may only act by a majority of the members present at a meeting so long as a quorum is in attendance.
28. The majority of the members of each committee shall constitute a quorum, and committees may act by a majority of the members present at a committee meeting, provided a quorum is in attendance.
29. Except as otherwise provided herein, or otherwise agreed to by the Board, *Robert's Rules of Order*, in its latest revision, shall govern the Board on its proceedings.
30. Each member of the Board present at a meeting must vote for or against any particular action put before him unless excused from voting by a motion adopted by a majority of the members present. [Charter Section 4.100 – 4.104]
31. A motion by any Board member shall require a second.
32. Each Board member's vote shall be recorded by name.
33. Tie Vote
  - a) A tie vote on a negative motion – the motion is lost, but the matter or request remains before the Board for action; and
  - b) A tie vote on an affirmative action – the motion is lost and the matter or request before the Board is denied.

**Public Comment**

34. Members of the public shall have an opportunity to directly address the Board on items of interest to the public that are within the subject matter jurisdiction of the Board, including items being considered at the meeting. Members of the public may address the Board for up to three minutes.

**Severability**

35. If any policy, section, paragraph, sentence, clause, or phrase of this policy is declared unconstitutional or void for any reason, such declaration shall not affect the validity of the remaining portions of the policy. The Board hereby declares that it would have prescribed and adopted this policy, and each section, paragraph, sentence, clause and phrases hereof, irrespective of the fact that any one or more sections, paragraphs, sentences, clauses, or phrases shall be declared unconstitutional or void. The titles assigned to policies and sections are for reference purposes only, and shall not be considered a substantive part of this

policy. If there is any conflict between the provisions of this policy and the Charter, or the Administrative Code of the City and County of San Francisco, the Charter or the Administrative Code language shall govern.

36. For purposes of Charter Section 4.104 (1), this Board Operations Policy shall be deemed to constitute the Board rules. The Board may amend this Board Operations Policy at any time. Any proposed amendment shall be posted for at least ten (10) days and calendared for Board hearing at least one week prior to a Board meeting in accordance with Charter Section 4.104.

**Policy Review**

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



**SAN FRANCISCO RETIREE HEALTH CARE TRUST FUND (RHCTF)**  
**4.2 - RHCTF BOARD COMMUNICATIONS POLICY**

**Introduction & Objectives**

- 1) This policy establishes guidelines for Retiree Health Care Trust Fund Board (Board) member communications. The guidelines are intended to:
  - a) Ensure efficient and effective communications among Board members, staff, service providers, and stakeholders;
  - b) Serve and protect the interests of the City and County of San Francisco, the stakeholders, and members of the public through consistent and accurate communication; and
  - c) Maintain the credibility of the Fund and its reputation for professionalism and integrity.
- 2) Nothing in this policy is to be construed in such manner as to prevent Board members from respectfully expressing personal opinions about matters relating to the Fund or otherwise exercising their right of free expression. When Board members communicate personal opinions about matters pertaining to the Fund, they are expected to disclose to their audience that they are expressing a personal opinion.

**Definitions**

- 3) Throughout this policy, the term *communication* shall refer to all forms of communication including written, oral, or electronic communication.

**Guidelines**

*Communication with Board Members and Staff*

- 4) Board members shall communicate in a respectful, honest, and constructive manner during all Board and committee meetings, and in all interactions with staff.

*External Communications – Spokesperson*

- 5) Only a spokesperson designated by the Board may communicate on behalf of the Board. The President shall serve as the spokesperson for the Board, although the Board President may designate other Board members, Board staff, or Board consultants to serve as a spokesperson in specific instances.
- 6) In carrying out their duties, spokespersons shall:
  - a) Confer with the Board, the City Attorney and/or Board staff as appropriate prior to engaging in official communications;
  - b) Communicate only official positions of the Board, and not make unilateral commitments on the part of the Board; and

- c) Promptly inform the Board and Board staff of any sensitive or high profile issues discussed with the media or other stakeholders.

*External Communications – Supporting Board Decisions*

- 7) All attempts by Board members to create, change, or influence policies of the Board should be carried out in their capacity as Board members, and in meetings of the Board or its committees.
- 8) The Board recognizes the right of Board members to express publicly their disagreement with pending or actual policies or decisions of the Board. The Board expects, however, that Board members will do so in an open, constructive, and professional manner, and that Board members shall nevertheless abide by such policies or decisions to the extent they believe they are consistent with their fiduciary duties.

*External Communications – To Stakeholders and Members of the Public*

- 9) The Board does not intend to unduly restrain communication by Board members with stakeholders or members of the public. However, the Board also recognizes that Board members are generally not qualified to communicate technical details concerning the Fund and its investments, and that providing inaccurate or incomplete information may cause confusion or harm to the Fund, and may lead to litigation against the Board and the Fund.

Accordingly, Board members shall exercise judgment and discretion whenever communicating with stakeholders, or members of the public, and shall be aware of, and comply with, the following guidelines intended to protect the City, the Fund, Board members, and, stakeholders:

- a) Board members may communicate general information or simple, factual, information to stakeholders or members of the public only where there is no risk of detrimental reliance or a risk of communicating inaccurate or conflicting information to stakeholders or members of the public;
- b) Board members who, in their capacity as members of the Board, wish to meet with groups of two or more stakeholders or members of the public for the purposes of conducting a meeting, presentation, or similar exchange shall:
  - i. Inform the Board and, when possible, arrange for Board staff or consultants to be present at the meeting to help ensure all communications accurately reflect the policies, positions, or benefit provisions of the Board;
  - ii. Provide the Board with copies of any written materials the Board member intends to distribute at the meeting; and
  - iii. Disclose to the meeting participants that the Board member is not authorized nor qualified to provide advice on matters related to current or prospective benefit provisions of the Health Service System, or the funding of such benefit provisions.
- c) To help ensure the accuracy of material prepared by Board members for oral, electronic, or written communication or publication purposes and thereby preserve the credibility of Fund, and its reputation for integrity and professionalism, Board members shall submit all such materials to the Board prior to communicating them or submitting them for publication.

*External Communications – Service Providers*

- 10) Board members agree to abide by the no contact provisions pertaining to potential service providers prior to a contract being offered, as specified in the relevant San Francisco contracting procedures.
- 11) In addition to abiding by the no contact provisions referenced above, where the communication has not been offered to all Board members, Board members agree to inform the Board in a timely fashion of any significant communications they have had pertaining to the business of the Fund with any service providers, investment consultants, investment managers, and/or other consultants or advisors retained by the Fund where such communication has not been offered to other Board members.

*Board Member Referrals to Board Staff*

- 12) It is understood that Board members are often contacted by external parties, e.g., plan members, investment managers, labor groups, and the media, in connection with benefit issues, investment products, or other retirement-related matters; and that such contact can occur in any number of social, professional, or educational settings, including conferences and symposiums. In cases where an external party requests information or action from a Board member that is material in nature, the Board member shall refer the matter in writing to the Board President for consideration or action. Alternatively, the Board member may verbally refer such matters to Board staff, and staff shall provide the referring Board member with an email or other written confirmation of the referral.

*External Communications – Conferences*

- 13) When speaking at a conference, seminar, panel discussion or similar event that has been authorized by the Board, Board members are expected to:
  - a) Communicate honestly, professionally, and with decorum;
  - b) Accurately reflect the practices, policies, and positions of the Fund;
  - c) Refrain from stating or implying any position or policy on the part of the Fund that has not been officially adopted by the Board; and
  - d) Clearly disclose when stating a personal opinion or position.

*External Communications – Other Capacities*

- 14) The Board recognizes that Board members may from time-to-time need to communicate with stakeholders of the Fund in a capacity other than as a Board member (for example, in their capacity as a member of an employee group, or a member of a retiree association). Nothing in this policy shall prevent such communication. In such situations, however, Board members shall clearly indicate that they are not operating in their capacity as Board members.

*Non-Public Information*

- 15) Board members agree not to disclose any non-public information concerning the property, operations, policies, affairs, or interests of the Board or the Fund to which Board members are privy by virtue of their position.

**Policy Review**

- 16) This policy shall be reviewed by the Board at least every two (2) years.



**SAN FRANCISCO RETIREE HEALTH CARE TRUST FUND (RHCTF) BOARD**  
**4.3 - BOARD EDUCATION AND TRAVEL POLICY**

**Preamble**

- 1) The San Francisco Retiree Health Care Trust Fund Board's (Board) fiduciary duties of loyalty, skill, care and diligence extend across all facets of Fund administration. Accordingly, in order to satisfy their fiduciary duties and mitigate the risk of legal liability to the San Francisco Retiree Health Care Trust Fund (Fund) and the Board personally, Board members acknowledge the need to acquire and maintain a level of knowledge of all significant facets of the Fund appropriate for prudent policy determination. The Board as a whole will encourage its members to secure the necessary knowledge as required by this policy, and monitor the member's compliance with this policy.
- 2) This policy statement is to be implemented in compliance with the relevant provisions of the City Charter and in harmony with existing philosophy, objectives, policies, rules and guidelines previously approved by the Board.

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**Policy Objectives**

- 3) The objectives of this policy are to:
  - a) Ensure that all Board members are provided with adequate opportunity and assistance to acquire the knowledge they need to effectively carry out their fiduciary duties;<sup>1</sup>
  - b) Serve as a guide to raise awareness among prospective Board members of the importance of fiduciary education and of the level of commitment to such education that is expected of Board members; and
  - c) To facilitate travel by Board members for the purposes of obtaining fiduciary education on matters relevant to the Fund.

**Assumptions**

- 4) Each Board member brings unique skills and experience to the Board, and possesses differing amounts of knowledge in the area of pension plan and fund administration.
- 5) No single method of educating Board members is optimal. Instead, a variety of methods may be necessary and appropriate.

**Policy Guidelines**

*General Provisions*

- 6) Board members agree to develop and maintain an adequate level of knowledge and understanding of relevant issues pertaining to the administration of the Fund throughout their terms on the Board.

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<sup>1</sup> The scope of this policy is limited to the education of the members of the Board.

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- 7) Board members agree to pursue appropriate education across a range of areas, rather than limiting their education to particular areas, including:
- a) Governance and fiduciary duty;
  - b) Investment policy and asset allocation;
  - c) Actuarial policies and funding;
  - d) Technology; and
  - e) Regulatory and legal issues.

Specific topics within these general areas are identified in Appendix 1 of this policy for reference purposes.

- 8) Appropriate educational tools for Board members include, but are not limited to:
- a) External conferences, seminars, workshops, roundtables, courses or similar vehicles;
  - b) Association meetings or events;
  - c) In-house educational seminars or briefings;
  - d) Relevant periodicals, journals, textbooks or similar materials; and
  - e) Electronic media.
- 9) On an ongoing basis, the Board Secretary will identify appropriate educational opportunities and include details of such in Board meeting information packages for Board members' consideration. Conferences and seminars recommended by the Board Secretary should include an average of at least 5 hours of substantive educational content per day if they require overnight lodging or other significant travel-related expenses. Board members are also encouraged to suggest educational vehicles that may provide value to the Board, [including memberships in associations that are directly related, and narrowly tailored, to the performance of Board member duties.](#)
- 10) Board members will attempt to meet the following minimum goals:
- a) To secure, over time, a useful level of understanding in each of the topic areas listed in paragraph 7 above;
  - b) To attend at least one conference annually, which includes an average of at least 5 hours of substantive educational content per day of the conference. In accordance with paragraph a) above, Board members are encouraged to attend conferences, on occasion, that address topics other than investments, ~~some~~ conferences are listed in Appendix 2 of this policy); and
  - c) Participate in any in-house educational seminars or briefings that may be organized from time to time.

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#### *Orientation Program*

- 11) An orientation program, covering the general topic areas outlined in paragraph 7 above, will be developed by the Board Secretary for the benefit of new Board members. The aim of the orientation program will be to ensure that new Board members are in a position to contribute fully to Board and committee deliberations and effectively carry out their fiduciary duties as soon as possible after joining the Board.

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San Francisco Retiree Health Care Trust Fund Board - Education and Travel Policy

- 12) Prior to attending their first meeting of the Board as a Board member, new Board members will endeavor to attend a meeting of the Board or a standing committee as an observer.
- 13) As part of the orientation process, new Board members will, within 45 days of their election or appointment to the Board:
  - a) Be briefed by the Board Secretary on the history and background of the Fund;
  - b) Be oriented by the Board President on current issues before the Board;
  - c) Be briefed on their fiduciary duties, conflict of interest guidelines, *The Brown Act*, the *Sunshine Ordinance* and other pertinent legislation; and
  - d) Be provided with:
    - i. Board Member Reference Manual (the contents of which are listed in Appendix 3 of this policy);
    - ii. A listing of recommended educational opportunities; and
    - iii. Other relevant information and documentation deemed appropriate by the Board Secretary.
- 14) Within 30 days of being appointed or elected to the Board, new Board members must complete a *Statement of Economic Interests, Form 700*. The Board Secretary will provide new Board members with the necessary assistance in properly completing the Statement.
- 15) The Board Secretary will review and, if necessary, update all orientation material as needed. It is the responsibility of Board members to maintain their Board Member Reference Manuals by ensuring that they contain the most up-to-date materials. A master copy of the Board Member Reference Manual will be made available by the Board Secretary for Board members' use.

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Attendance at Conferences & Association Meetings

- 16) Approval for attendance and reimbursement of education and travel expenses in connection with conferences, seminars, association meetings, and other trainings will be delegated to the Fund Administrator except as subject to the restrictions provided in Appendix 4 of this policy.
- 17) Each board member is generally limited to six (6) seminars or conferences per fiscal year that require travel outside of the nine (9) Bay Area counties (defined in Appendix 4, Section 2). No more than one (1) conference may involve travel to a destination outside North America. North America is defined as the United States of America and its territories, Canada and Mexico. Board members may request approval to attend any number of conferences held within the nine (9) Bay Area counties.
- 18) In cases where attendance at a particular conference is limited:
  - a) The Board will, by majority vote, select those members who are authorized to attend;
  - b) Designate the remaining interested members as alternate attendees, who may attend in the event the members originally selected are unable to attend; and
  - c) In authorizing attendance, the Board will give priority to those Board members who have not previously attended the conference or seminar in question, so as to carry out the Board's intent to distribute conference and seminar opportunities on a fair and equitable basis.
- 19) The Board Secretary will retain and catalogue all relevant conference materials submitted to the Board Secretary by Board members. Where appropriate, the Board Secretary may distribute copies to board and staff members.

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<#>The Board Secretary will annually conduct a formal education needs assessment of interest to board members as well as board members' preferences regarding training methods, e.g., preferred training vehicles; and length, timing, and location of in-house training. The results of the assessment, along with a recommended Board Education Plan, will be presented to the Board for review. ¶

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*San Francisco Retiree Health Care Trust Fund Board - Education and Travel Policy*

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- 20) No more than two (2) members of the Board are authorized to meet together for business purposes unless there is appropriate public notice of the meeting. However, ~~three~~ **or more** Board members may attend educational conferences, seminars, and social activities, provided that such Board members act in accordance with the *Brown Act* and the *Sunshine Ordinance*.

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**Reporting**

- 21) Board members will inform the Board Secretary, for information purposes, of all fund-related conferences attended, whether paid for by the Fund or not.
- 22) Attendees will complete a brief written assessment of the quality and relevance of each conference attended on the Board's Conference Attendance Form. On an annual basis, the Board Secretary will review these assessments and update the list of ~~conferences~~ as appropriate.
- 23) Upon returning from a conference, attendees shall report to the Board on information or knowledge attained at the conference for the benefit of board members who did not attend.
- 24) On an annual basis, the Board Secretary will submit a report to the Board on the educational activities of the Board. At a minimum, the report will summarize the attendance by Board members at conferences during the year.

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*Publication*

- 25) A copy of this policy will be made available to the Mayor's office upon request, for the information of candidates seeking appointment to the Board. Copies of this policy will also be made available to candidates seeking election or appointment to the Board, for their information.

**Policy Review**

- 26) The Board will review this policy at least every two (2) years to ensure that it remains relevant and appropriate.

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<#>The Board adopted this policy on MayJuly 292, 20123. ¶

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**APPENDIX 1  
SPECIFIC PENSION-RELATED TOPICS**

The following is a list of educational topics relating to each of the general topic areas listed in paragraph (7) of this policy. The list is intended to provide guidance to board members in identifying appropriate topics for the development of their knowledge and understanding of pension matters. The list is intended as a guideline only and is not exhaustive:

**Governance and Fiduciary Duty**

Fiduciary duty  
Roles of the sponsor, administrator,  
management and service providers  
Basics of trust or fiduciary law  
Effective decision-making  
Roberts Rules of Order

**Actuarial Policies and Funding**

Role of the actuary  
The actuarial process  
Funding policy  
Asset/liability management

**Technology**

Management information systems from a  
governance perspective  
Technology risk  
Security in the technology area

**Investment Policy and Asset Allocation**

Asset classes and their characteristics  
Historical risk and returns  
Investment risk tolerance  
Diversification and asset allocation  
Active versus passive management  
Investment/trading/execution costs  
Performance measurement

**Regulatory and Legal Issues**

California Constitution  
San Francisco City Charter  
Ethics law or training  
*The Brown Act*  
*The Sunshine Ordinance*  
Tax policy and plan qualification features  
Non-tax legal requirements  
Legislative updates

APPENDIX 2

**CONFERENCE, SEMINAR, ASSOCIATION, and OTHER TRAINING RESOURCES**

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Board members will forward information to the Board Secretary regarding conferences or seminars that have been found to be informative and beneficial. The Board Secretary will forward this information to the Board. The following conference has been found to be informative and beneficial. It contains the required five (5) hours of substantive educational content per day, as required in this policy:

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Conferences, Seminars, and Association Meetings

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- CALAPRS: Principles of Pension Management, Stanford University Law School
- CALAPRS: California Association of Public Retirement Systems
- National Conference on Public Employee Retirement Systems
- Opal Financial Group Conferences: Public Funds Summit, Investment Education Symposium
- International Foundation of Employee Benefit Plans: Trustees and Administrators Institutes
- Institute for International Research: CIO Public Pension Plan Summit

Other Training Resources

- CFA Institute: Claritas Investment Certificate

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Approval for attendance and reimbursement of travel expenses in connection with educational conferences will be in accordance with Appendix 4 of this policy, "Travel Expense Reimbursement Guidelines."

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**APPENDIX 3** ¶  
**RECOMMENDED ASSOCIATION MEETINGS** ¶  
¶  
Board members will forward information to the Board regarding association meetings that have been found to be informative and beneficial. The Board Secretary will forward the information to the Board. ¶  
Approval for attendance and reimbursement of travel expenses in connection with association meetings will be in accordance with Appendix 5 of this policy, "Travel Expense Reimbursement Guidelines." ¶  
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**APPENDIX 3**  
**BOARD MEMBER REFERENCE MANUAL**

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The Board Member Reference Manual cited in the Board Education and Travel Policy, Section 13(d)(i) shall include the following materials:

- a. Most recent [RHCTF Agreement](#);
- b. Most recent Annual Report;
- c. [The Board Policy Manual](#);
- d. [Copies of all Charter or Administrative Code sections referenced in the Board Policy Manual](#);
- e. Most recent actuarial valuations and financial statements;
- f. Names and phone numbers of the Board members, the Fund administrator, and staff;
- g. Listing of current Board committee assignments;
- h. Listing of current [Fund](#) service providers; and
- i. Glossary of key administration terms and definitions.

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It is the responsibility of board members to maintain their Board Member Reference Manuals by ensuring that they contain the most up-to-date materials. A master copy of the [Board Member](#) Reference Manual will be made available by the Board Secretary for the use of board members.

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**APPENDIX 4**  
**TRAVEL EXPENSE REIMBURSEMENT GUIDELINES**

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**Travel Authorization**

- 1) Attendance by Board members at seminars, association meetings, conferences, due diligence meetings, or other board business requiring reimbursement of expenses from the Fund requires prior approval of the Fund Administrator and is subject to the limits set out in paragraph 8.
- 2) Travel within the nine (9) Bay Area counties which will require only modest expenses (e.g. mileage, parking, BART, muni, or taxi) does not require Board approval. If other expenses are involved, the same rules are applicable as for travel outside the nine (9) Bay Area counties. The nine (9) Bay Area counties, as defined by the City Controller's expense policy are: Alameda, Contra Costa, Marin, Napa, San Francisco, San Mateo, Santa Clara, Solano, and Sonoma.
- 3) The Board may ratify travel and educational expense reimbursement by Board members for which prior approval was not obtained for good cause explained in written communication to the Board.
- 4) The acceptance of any gifts which enable board members to attend seminars and conferences requires prior approval of the Board in strict compliance with section 18944.2 of FPPC Regulations.
- 5) Review and approval of educational travel will depend on the cost, substance and quality of the seminar or conference.

Deleted: <#>Each Board member is generally limited to six (6) seminars or conferences per fiscal year that require travel outside of the nine (9) Bay Area counties (defined in Section 4 below). No more than one (1) conference may involve travel to a destination outside of North America, as defined in Board Education and Travel Policy Section 18. Board members may request Board approval to attend any number of conferences held within the nine (9) Bay Area counties. ¶

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Deleted: <#>Attendance by Board members at association meetings, due diligence visits or other board business requiring travel outside of the nine (9) Bay Area counties also requires prior approval of the Board.¶

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**Cost Of Administration**

- 6) Travel expenses of Board members shall be direct costs of administration to the Fund and may not be paid through third party contracts or otherwise without express approval of the Board. Board members shall pay special attention to reporting requirements for expenses paid or reimbursed by third parties.

Deleted: As a general rule, travel to a conference or seminar outside of the nine (9) Bay Area counties should only be approved if the conference/seminar agenda contains an average of five (5) hours of substantive educational content per day. The Board may waive this requirement if the best interests of the Fund would be served by such a waiver.

**Authorized Expenses**

- 7) Except as otherwise stated in this policy, reimbursement requests from Board members shall comply with the guidelines established by the City Controller concerning reimbursement of authorized expenses, in the same manner as applied to all other City and County officials. Within the meaning of this policy, the Board shall make decisions that are delegated to the "Department Head" and the term "staff" shall include all Board members.
- 8) The Fund Administrator shall have the authority to approve expenses for education and travel expenses for each Board Member in each fiscal year that do not cumulatively exceed one tenth (10%) of the total amount budgeted for Board Education, and Travel, provided that all such expenses are consistent with the aims and requirements of this policy. This amount shall be called the Board member individual educational budget allocation. All travel outside of North America or in excess of the Board member individual educational budget allocation requires prior approval by the Board.

Deleted: <#>The Board recognizes that Board members are often considered experts in their professional fields or as having considerable experience as a fiduciary. As such, they are often invited to speak at conferences. While the Board encourages the exchange of professional information, it must be evident that a conference or seminar as a whole would provide value to the Fund, before attendance is authorized.¶

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**Limitation On Allowance Of Time And Expenses**

- 9) Allowance for time and expense shall not exceed that which is usual and reasonable as claimed by others to that precise destination. Normally when meeting, conference or seminar agendas calendar substantive content prior to 9:30 a.m., travel and arrival the evening before is authorized. When substantive content continues after 5:00 p.m., lodging for that night is authorized. Reasonable additional expenses (i.e., lodging and per diem for extra days either before or after a conference) will be reimbursed if such extension results in lower overall trip costs.

**Limitation On Car Rental**

- 10) Normally, Board members will be expected to use an economical means of ground transportation while on travel. Reimbursement of alternative modes of transportation will be justified for good cause, e.g., for reasons of personal safety or scheduling conflicts. Payment for fuel, parking, tolls, collision and personal property insurance will be reimbursed in cases where car rental is appropriate.

**Cancellation Of Travel And Lodging Arrangements**

- 11) Normally, Board members are responsible for timely cancellation of conference registration, travel and lodging arrangements made on his/her behalf which will not be used so that no costs will be incurred by the Fund.

**Transportation Expense In Lieu Of Airfare**

- 12) Reimbursement for transportation expense in lieu of airfare will be limited to an amount equal to the standard fare as deemed to be usual, reasonable and available at the time that travel is approved or as claimed by others to that precise destination. This limitation may be waived for good cause, such as closure of an airport or cancellation of all available flights.

**Filing Claims**

- 13) Claims for reimbursement of travel expenses shall be submitted within 60 days following completion of the travel for which expenses are claimed. Mileage claim forms shall be submitted at least once each quarter if expenses are claimed.

**Cash Advances**

- 14) Cash advances will not be allowed unless specifically approved by the Board.

**Expenses For Travel Companions**

- 15) Expenses of travel companions, including spouses and domestic partners, are not reimbursable by the Fund.

**Quarterly Travel Reports**

- 16) A quarterly travel expenditure report covering board member travel outside San Francisco County shall be provided to the Board. Such report shall identify the Board member, location, cost and purpose of travel.



**SAN FRANCISCO RETIREE HEALTH CARE TRUST 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 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 Fund, 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;
  - d) To attend and participate in all Board meetings, unless unable to do so for reasons beyond their control;

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<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*.



- e) To pay undivided attention 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;
    - 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) The Board shall review this policy at least every two (2) years to ensure that it remains relevant and appropriate.

**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.



**SAN FRANCISCO RETIREE HEALTH CARE TRUST FUND (RHCTF) BOARD**  
**5.1 – SAN FRANCISCO CHARTER SECTIONS 4.100-4; 12.204; A8.432; AND A8.432-1**

**San Francisco Charter Sections 4.100-4**

**SEC. 4.100. GENERAL.**

In addition to the office of the Mayor, the executive branch of the City and County shall be composed of departments, appointive boards, commissions and other units of government. To the extent law permits, each appointive board, commission, or other unit of government of the City and County established by State or Federal law shall be subject to the provisions of this Article and this Charter.

**SEC. 4.101. BOARDS AND COMMISSIONS – COMPOSITION**

(a) Unless otherwise provided in this Charter, the composition of each appointive board, commission or advisory body of any kind established by this Charter or legislative act of the United States of America, the State of California or the Board of Supervisors shall:

1. Be broadly representative of the communities of interest, neighborhoods, and the diversity in ethnicity, race, age, and sexual orientation, and types of disabilities of the City and County and have representation of both sexes; and
2. Consist of electors of the City and County at all times during the term of their respective offices, unless otherwise specifically provided in this Charter; or in the case of boards, commissions or advisory bodies established by legislative act the position is (a) designated by ordinance for a person under legal voting age, or (b) unless specifically exempt from the provisions, or waived by the appointing officer or entity upon a finding that an elector with specific experience, skills or qualifications willing to serve could not be located within the City and County.

It shall be the official City policy that the composition of each appointive board, commission, or advisory body of any kind established by this Charter or legislative act of the United States of America, the State of California, or the Board of Supervisors shall reflect the interests and contributions of both men and women of all races, ethnicities, sexual orientations, and types of disabilities. The voters therefore urge in the strongest terms all City officers and agencies involved in nominating, appointing or confirming members of those appointive boards, commissions, or advisory bodies to consider and as appropriate support the nomination, appointment or confirmation of female, minority, and disabled candidates to fill seats on those bodies.

The Commission on the Status of Women shall conduct an analysis of appointments to appointive boards, commissions, and advisory bodies in the second and fourth year of each mayoral administration to track the diversity of appointments to such bodies. This analysis, to be based only on voluntary disclosures, shall include gender, ethnicity, sexual orientation, disability status, and any other relevant demographic qualities.

(b) Vacancies on appointive boards, commissions or other units of government shall be filled for the balance of the unexpired term in the manner prescribed by this Charter or ordinance for initial appointments.

(c) Terms of office shall continue as they existed on the effective date of this Charter.

(Amended by Proposition D, 6/3/2008)

**SEC. 4.101.5. HOLD-OVER SERVICE BY BOARD AND COMMISSION MEMBERS.**

(a) **Application of this Section.** Unless otherwise provided in this Charter or required by law, the requirements of this Section shall apply to the members of each appointive board, commission, or other unit of government of the executive branch of the City and County or otherwise created in the Charter ("Charter Commission"). Citizen advisory committees created in the Charter shall not be considered Charter Commissions for purposes of this Section. The provisions of this Section shall not apply to boards or commissions created in Article V (Executive Branch – Arts and Culture) or Article XII (Employee Retirement and Health Service Systems) of this Charter.

(b) **Limitations on Hold-Over-Service.** Except as otherwise provided in this Charter, the tenure of a member of any Charter Commission shall terminate no later than 60 days after the expiration of the member's term, unless the member is re-appointed. A member may not serve as a hold-over member of a Charter Commission for more than 60 days after the expiration of his or her term. The tenure of any person sitting as a hold-over member on the effective date of this amendment shall terminate no later than 60 days after the effective date of this amendment.

(Added by Proposition B, Approved 11/6/2007)

**SEC. 4.102. BOARDS AND COMMISSIONS – POWERS AND DUTIES.**

Unless otherwise provided in this Charter, each appointive board, commission or other unit of government of the executive branch of the City and County shall:

1. Formulate, evaluate and approve goals, objectives, plans and programs and set policies consistent with the overall objectives of the City and County, as established by the Mayor and the Board of Supervisors through the adoption of City legislation;
2. Develop and keep current an Annual Statement of Purpose outlining its areas of jurisdiction, authorities, purpose and goals, subject to review and approval by the Mayor and the Board of Supervisors;
3. After public hearing, approve applicable departmental budgets or any budget modifications or fund transfers requiring the approval of the Board of Supervisors, subject to the Mayor's final authority to initiate, prepare and submit the annual proposed budget on behalf of the executive branch and the Board of Supervisors' authority under Section 9.103;
4. Recommend to the Mayor for submission to the Board of Supervisors rates, fees and similar charges with respect to appropriate items coming within their respective jurisdictions;
5. Unless otherwise specifically provided, submit to the Mayor at least three qualified applicants, and if rejected, to make additional nominations in the same manner, for the position of department head, subject to appointment by the Mayor;
6. Remove a department head; the Mayor may recommend removal of a department head to the commission, and it shall be the commission's duty to act on the Mayor's recommendation by removing or retaining the department head within 30 days; failure to act on the Mayor's recommendation shall constitute official misconduct;
7. Conduct investigations into any aspect of governmental operations within its jurisdiction through the power of inquiry, and make recommendations to the Mayor or the Board of Supervisors;
8. Exercise such other powers and duties as shall be prescribed by the Board of Supervisors; and

9. Appoint an executive secretary to manage the affairs and operations of the board or commission.

In furtherance of the discharge of its responsibilities, an appointive board, commission or other unit of government may:

10. Hold hearings and take testimony; and

11. Retain temporary counsel for specific purposes, subject to the consent of the Mayor and the City Attorney.

Each board or commission, relative to the affairs of its own department, shall deal with administrative matters solely through the department head or his or her designees, and any dictation, suggestion or interference herein prohibited on the part of any member of a board or commission shall constitute official misconduct; provided, however, that nothing herein contained shall restrict the board or commission's powers of hearing and inquiry as provided in this Charter.

#### **SEC. 4.103. BOARDS AND COMMISSIONS – ANNUAL REPORT.**

As of the operative date of this Charter and until this requirement is changed by the Board of Supervisors, each board and commission of the City and County shall be required by ordinance to prepare an annual report describing its activities, and shall file such report with the Mayor and the Clerk of the Board of Supervisors. The Annual Report can be included in the Annual Statement of Purpose as provided for in Section 4.102(2).

#### **SEC. 4.104. BOARDS AND COMMISSIONS – RULES AND REGULATIONS.**

(a) Unless otherwise provided in this Charter, each appointive board, commission or other unit of government of the executive branch of the City and County shall:

1. Adopt rules and regulations consistent with this Charter and ordinances of the City and County. No rule or regulation shall be adopted, amended or repealed, without a public hearing. At least ten days' public notice shall be given for such public hearing. All such rules and regulations shall be filed with the Clerk of the Board of Supervisors.

2. Hold meetings open to the public and encourage the participation of interested persons. Except for the actions taken at closed sessions, any action taken at other than a public meeting shall be void. Closed sessions may be held in accordance with applicable state statutes and ordinances of the Board of Supervisors.

3. Keep a record of the proceedings of each regular or special meeting. Such record shall indicate how each member voted on each question. These records, except as may be limited by state law or ordinance, shall be available for public inspection.

(b) The presence of a majority of the members of an appointive board, commission or other unit of government shall constitute a quorum for the transaction of business by such body. The term "presence" shall include participation by teleconferencing or other electronic means as authorized by Government Code Section 54953(b) or any successor legislation after the Board of Supervisors has adopted an ordinance pursuant to subsection (c) allowing such participation when the member is physically unable to attend in person, as certified by a health care provider, due to the member's pregnancy, childbirth, or related condition. The Board of Supervisors may also, as part of a parental leave policy adopted pursuant to subsection (c), authorize a member of a board or commission to participate in meetings by teleconferencing or other electronic means when the member is absent to care for his or her child after birth of the child, or after placement of the child with the member or the member's immediate family for adoption or foster care. Unless otherwise required by this Charter, the affirmative vote of a majority of the members shall be required for the approval of any matter, except that the



rules and regulations of the body may provide that, with respect to matters of procedure the body may act by the affirmative vote of a majority of the members present, so long as the members present constitute a quorum. All appointive boards, commissions or other units of government shall act by a majority, two-thirds, three-fourths or other vote of all members. Each member present at a regular or special meeting shall vote "yes" or "no" when a question is put, unless excused from voting by a motion adopted by a majority of the members present.

(c) Notwithstanding the provisions of Charter Section 10.101, the Board of Supervisors shall provide by ordinance for parental leave policies for members of appointive boards, commissions or other units of government, including, but not limited to, authorization to participate in meetings by teleconferencing or other electronic means pursuant to subsection (b) and subject to the restrictions listed in that subsection.

### **San Francisco Charter Section 12.204**

#### **SEC. 12.204. RETIREE HEALTH CARE TRUST FUND.**

The Retiree Health Care Trust Fund ("RHCTF") shall be an irrevocable trust fund established under Section A8.432. and separate from the Health Service System trust fund described in Charter Sections 12.203 and A8.428, 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. Trust assets shall be held for the sole and exclusive purpose of providing health coverage to eligible retired persons and their survivors, and to defray the reasonable expenses of administering the RHCTF, including but not limited to educational, actuarial, consulting, administrative support and accounting expenses associated with the RHCTF. Administrative costs, including but not limited to educational, actuarial and consulting expenses associated with the Retiree Health Care Trust Fund, as adopted by the board of supervisors in the annual budget, shall be paid from the Retiree Health Care Trust Fund, but only upon adoption of a resolution by the Retiree Health Trust Fund Board approving such expenses.

The RHCTF shall be governed by a Retiree Health Trust Fund Board ("Board"). The Board shall consist of five trustees, one of whom shall be appointed by the City Controller, one of whom shall be appointed by the City Treasurer, one of whom shall be appointed by the Executive Director of the San Francisco Employees Retirement System, and two of whom shall be elected from among active employee and retired members of the City's Health Service System. One of the elected trustees shall be an active employee member and one shall be a retired member as of the date of their respective elections. Each elected trustee shall serve for a term of five years. No person may serve simultaneously as a trustee on the Board and as an elected or appointed member of the San Francisco Employees Retirement System Board or the Health Service System Board.

(Amended by Proposition B, 6/3/2008)

### **San Francisco Charter Section A8.432**

#### **A8.432 RETIREE HEALTH CARE TRUST FUND**

There is hereby created a Retiree Health Care Trust Fund (RHCTF) for the purpose described in Section 12.204. The Retiree Health Care Trust Fund Board (Board) described in Section 12.204 shall have exclusive authority and control over the

administration of the RHCTF, investments of trust assets, and disbursements from, the trust in accordance with the provisions of this Charter.

**(a) Employees Who Commenced Employment on or After January 10, 2009**

Active officers and employees of the City and County and Participating Employers, who commenced employment with the City and County, or the Participating Employers, on or after January 10, 2009, shall contribute their respective Employer's "Normal Cost" to the RHCTF. The annual active employee contribution rate shall be the Employers' "Normal Cost" as determined by the Employers' respective General Accounting Standards Board (GASB) Actuaries computed as a percentage of compensation not to exceed 2% of pre-tax compensation to the RHCTF. The Employers' GASB actuaries shall determine the Employers' respective "Normal Cost" on a biannual basis.

The City and County and Participating Employers shall each contribute 1% of compensation for officers and employees who commenced employment on or after January 10, 2009. Once an Employer has no Unfunded Actuarial Accrued Liability and the Retiree Health Trust Fund is Fully Funded, then the Employer and its active officers and employees who commenced employment on or after January 10, 2009, shall instead each contribute 50% of the "Normal Cost" as determined by the Employers' respective GASB actuaries, with the employee's contribution not to exceed 2% of pre-tax compensation, and the 1% Employer contribution shall no longer be required.

**(b) Employees Who Commenced Employment on or Before January 9, 2009**

Notwithstanding any other provision of Charter Sections A8.409 through A8.409-9 and A8.590-1 through A8.590-9, starting July 1, 2016, all active officers and employees of the City and County and Participating Employers, who commenced employment with the City and County or Participating Employers, on or before January 9, 2009, shall contribute 0.25% of pre-tax compensation into the RHCTF. Starting on July 1 of each subsequent year, all active officers and employees of the City and County and Participating Employers, who commenced employment with the City and County or Participating Employers, on or before January 9, 2009, shall contribute an additional 0.25% of pre-tax compensation up to a maximum of 1%. Notwithstanding the foregoing, the contributions for employees who commenced employment on or before January 9, 2009, shall not exceed each Employer's respective "Normal Cost" as determined by the Employers' respective General Accounting Standards Board (GASB) Actuaries on a bi-annual basis.

Starting July 1, 2016, the Employers shall contribute 0.25% of compensation into the RHCTF for each employee who commenced employment on or before January 9, 2009. Starting on July 1 of each subsequent year, the Employers shall contribute an additional 0.25% of compensation, up to a maximum of 1%, for each employee who commenced employment on or before January 9, 2009.

Once an Employer has no Unfunded Actuarial Accrued Liability and the Retiree Health Trust Fund is Fully Funded, then the Employer and its active officers and employees who commenced employment on or before January 9, 2009, shall instead each contribute 50% of the "Normal Cost" as determined by the Employers' respective GASB actuaries, with the employee's contribution not to exceed 1% of pre-tax compensation, and the 1% Employer contribution shall no longer be required.

**(c) Segregation And Use of Retiree Health Care Trust Fund Contributions**

Contributions to the RHCTF from the City and County, and its officers and employees, and each Participating Employer, and their officers and employees, shall be segregated from each other and only used as a funding source to defray each Employers' obligations to pay for retiree health care under Section A8.428 and each

Employers' share of administrative expenses. The funds may be pooled for investment purposes only.

No disbursements, other than to defray reasonable expenses of administering the RHCTF, may be made from the trust prior to January 1, 2020. Commencing January 7, 2020, trust assets may be used to defray the cost of the City's, and other Participating Employers', obligations to pay for health coverage for the retired persons and their survivors entitled to health care coverage under Section A8.428. The amount and frequency of such disbursements shall be determined by the Board in consultation with the Employers' respective GASB Actuaries.

(d) **Additional Contributions to the Retiree Health Care Trust Fund**

As set forth in A8.409-7 and A8.590-8, nothing in this section shall prevent the City and County of San Francisco and a recognized employee organization from agreeing to, or an arbitration panel formed pursuant to A8.409-4 or A8.590-5 from awarding, an adjustment in employee contributions into the Retiree Health Care Trust Fund that results in contributions greater than the contributions required under A8.432 for any and all City employees. In no event shall the City and County of San Francisco and a recognized employee organization agree to, or an arbitration panel formed pursuant to A8.409-4 or A8.590-5 award any, reduction in contributions below the minimum level of contributions required under A8.432.

(e) **Definitions.**

**"Actuarial Accrued Liability"** as used in this section, means "Actuarial Accrued Liability" as that term is defined under GASB No. 45.

**"Commenced employment on"** as used in this section, shall refer to the time an employee starts employment with the City and County, or a Participating Employer, for the first time, or the time an employee starts employment with the City and County, or a Participating Employer, on a subsequent occasion after a prior separation from employment with the City and County or any Participating Employer, whichever date is later.

**"Employers"** as used in this section means the City and County and the Participating Employers.

**"Fully Funded"** as used in this section means that an Employer's GASB Actuary has determined that the market value of assets in the Retiree Health Care Trust Fund equals or exceeds the Actuarial Accrued Liability.

**"GASB Actuary"** and **"GASB Actuaries"** as used in this section means the actuarial firms hired by the Employers to provide estimates of each Employers' respective total liability and annual required contribution for post retirement health benefits under GASB No. 45.

**"GASB No. 45"** as used in this section means Statement No. 45 of the Governmental Accounting Standards Board, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions.

**"Health coverage"** as used in this section, means the health benefits or health insurance provided by the health service system for retirees, survivors and dependents under Section A8.428.

**"Normal Cost"** as used in this section, means the Employers' normal cost under GASB No. 45 as determined by the Employers' respective GASB Actuaries.

**"Retiree"** as used in this section, means a former employee who is retired and is entitled to health coverage under Section A8.428, and the qualified survivors or dependents of such retirees who are entitled to health coverage under Section A8.428.

**"Participating Employers"** as used in this section and Sections A8.432-1, A8.510 and 12.204, shall include the Superior Court of California, County of San Francisco, San

Francisco Unified School District and the San Francisco Community College District, following a resolution by these employers' respective governing boards to participate in the Retiree Health Care Trust Fund.

(f) **Severability**

Any Section or part of any Section in this Charter, insofar as it should conflict with the provisions of Charter Sections 12.204 or A8.432, or with any part thereof shall be superseded by the contents of Charter Sections 12.204 or A8.432. Charter Sections 12.204 or A8.432 shall be interpreted to be consistent with all federal and state laws, rules, and regulations. If any words, phrases, clauses, sentences, subsections, provisions or portions of Charter Sections 12.204 or A8.432 are held to be invalid or unconstitutional by a final judgment of a court, such decision shall not affect the validity of the remaining words, phrases, clauses, sentences, subsections, provisions or portions of Charter Sections 12.204 or A8.432. If any words, phrases, clauses, sentences, subsections, or provisions of Charter Sections 12.204 or A8.432 are held invalid as applied to any person, circumstance, employee or category of employee, such invalidity shall not affect any application of Charter Sections 12.204 or A8.432 which can be given effect. Charter Sections 12.204 or A8.432 shall be broadly construed to achieve their stated purpose.

Notwithstanding Charter Section A8.432, the Board of Supervisors shall adopt, by a majority vote before January 1, 2009, such ordinances as are necessary to create and administer the Retiree Health Care Trust Fund, and all such other matters as may be necessary to establish and maintain the purpose described in this section and Section 12.204.

(Amended by Proposition B, 6/3/2008; Proposition D, Approved 6/8/2010; Proposition C, Approved 11/8/2011)

**San Francisco Charter Section A.432-1**

**A8.432-1 ADDITIONAL CONTRIBUTIONS TO RETIREE HEALTH CARE TRUST FUND**

Beginning on July 1, 2011, in each year when the contribution to the Retirement System required under Section A8.510 is less than the Retirement System employer normal cost rate; (1) the City and County shall deposit the difference into the Retiree Health Care Trust Fund; and (2) the Participating Employers shall deposit the difference into the Retiree Health Care Trust Fund only upon resolution by their respective governing boards.

(Added by Proposition D, Approved 6/8/2010)