



# Retiree Health Care Trust Fund Board

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## **BOARD MEETING MINUTES**

### **Rescheduled Regular Meeting**

### **Monday, July 29, 2013**

### **3:00 PM**

City and County of San Francisco  
30 Van Ness Avenue, Suite 3000  
San Francisco, CA 94103

#### **RETIREE HEALTH CARE TRUST FUND BOARD MEMBERS**

*President*

**Carol Cypert**

*Vice President*

**Pauline Marx**

*Members*

**Leo Levenson**

**Clare Murphy**

**Edward Walsh**

### **Disability Access**

The meeting will be held at SFERS Office, 30 Van Ness Avenue, Suite 3000, San Francisco, CA 94103. The Retiree Health Care Trust Fund Board Meeting Room is wheelchair accessible. Accessible seating is available for persons with disabilities or wheelchairs. The following services are available upon request:

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

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

The closest accessible BART Station is Civic Center, three blocks from City Hall. Accessible MUNI lines serving this location are: #42 Downtown Loop, and the #71 Haight/Noriega and the F Line to Market and Van Ness and the Metro stations at Van Ness and Market and at Civic Center. For more information about MUNI accessible services, call (415) 923-6142. There is accessible parking in the vicinity of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

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

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

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

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

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

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

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

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

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

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

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

### **Lobbyist Registration and Reporting Requirements**

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

# CALENDAR

- Call to Order

- Roll Call:
 

<b>Commissioner Carol Cypert</b>	<b>3:00 pm</b>
<b>Commissioner Leo Levenson</b>	<b>3:00 pm</b>
<b>Commissioner Pauline Marx</b>	<b>3:00 pm</b>
<b>Commissioner Clare Murphy</b>	<b>3:00 pm</b>
<b>Commissioner Ed Walsh</b>	<b>3:00 pm</b>

- **Introduction by Board President of new Board Member Clare Murphy**

President Cypert introduced new Board Member Clare Murphy. Ms. Murphy was appointed by Jay Huish, Executive Director of the San Francisco Retirement System, after the seat was vacated by Connie Hiatt.

- 07292013-01                  Action item

**Annual election of a new Board President and Vice President**

Moved by President Cypert, seconded by Commissioner Walsh to elect Vice President Marx as Board President for FY 2013-14.

Approved by the Following Vote:  
Ayes: Cypert, Levenson, Murphy, Walsh

Moved by President Cypert, seconded by Commissioner Levenson to elect Commissioner Walsh as Board Vice President for FY 2013-14.

Approved by the Following Vote:  
Ayes: Cypert, Levenson, Marx, Murphy, Walsh

- 07292013-02                  Action item

**Approval of the Minutes of the April 22, 2013 Board Meeting**

Documents provided to the Board prior to meeting:  
Draft Minutes of the April 22, 2013 Board Meeting

President Marx noted that there was a correction needed to one small section of the Draft Minutes of the April 22, 2013 Board Meeting.

Commissioner Murphy asked Erik Rapoport, Deputy City Attorney, if it is appropriate to abstain from voting since she was not a member of the

Board during the meetings of these minutes being considered. Mr. Rapoport stated that 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. He added that there is no problem with a Board member approving minutes of a prior meeting which he or she did not attend.

President Marx noted that in the February 14, 2013 Special Board Meeting Minutes a decision made by the Board was omitted. The omitted text will be inserted into the minutes to add that the Board concluded deliberations about the RFP process; selected a consultant; and asked staff to negotiate a contract.

Moved by President Marx, seconded by Commissioner Levenson to amend the Minutes of February 14, 2013 Special Continued Board Meeting.

Approved by the following vote:  
Ayes: Cypert, Levenson, Marx, Murphy, Walsh

Moved by President Marx, seconded by Commissioner Walsh to approve the Minutes of April 22, 2013 Board Meeting.

Approved by the following vote:  
Ayes: Cypert, Levenson, Marx, Murphy, Walsh

- 07292013-03 Discussion item

**Report on current funding status (budget) of RHCTF**

Documents provided to the Board prior to meeting:

Retiree Health Trust Fund (RHTF) Status and Budget updated July 16, 2013 and Supporting Data

Commissioner Levenson provided an oral and written report.

There was discussion on the placement of the \$500,000 funding from Community College.

- 07292013-04 Discussion item

**Report on current investment status of RHCTF**

Documents provided to the Board prior to meeting:

Investment Report for the Month of June 2013

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

- 07292013-05                      Discussion item                      **John Bilmont of San Francisco Community College District (SFCCD) to discuss status of SFCCD participation in the Trust Fund**

Commissioner Levenson reported that Mr. Bilmont and Mr. Goldstein were unable to attend the meeting. Commissioner Levenson gave an oral report.

The Board engaged in a question and answer session regarding the status of union negotiations and the ratification of the agreements in respect to the fund, and the handling and investment of the \$500,000.

President Marx reiterated that the Board would still like answers to their questions.

Moved by Commissioner Levenson, seconded by President Marx to continue this item to the next meeting.
  
- 07292013-06                      Discussion item                      **Meketa report regarding investment consulting overview – introduction to RHCTF Board**

Documents provided to the Board prior to meeting:  
Initial Priorities and Timelines

Brad Regier of Meketa made an oral and written presentation of agenda items that Meketa would address over the next year along with a timeline for completion. Mr. Regier stated that the first steps to take would be to conduct a custodial search and concurrently create the investment policy statement. He offered to provide a template to tailor to our needs. He suggested that when that work is complete work can begin to set and implement an asset allocation policy, and then once the asset allocation has started the investment manager search can take place.

The Board and Mr. Regier discussed the timeline and decided to set a special meeting to occur in six weeks to address the Custodial Request for Proposals and the Investment Policy Statement.
  
- 07292013-07                      Discussion item                      **Establishing a socially responsible investment policy**

Commissioner Walsh expressed concern about investing in socially responsible investments in order to avoid the process of divestment later on. It was noted that the Board of Supervisors urged the Retirement Board to divest in certain investments.

Commissioner Walsh offered to provide copies of the Board of Supervisor's resolution to the Board Members and Meketa.

President Marx asked Meketa to look at the Board of Supervisors Resolution and give the Board feedback.

The Board discussed the implications of putting investment limitations into the investment statement policy.

- 07292013-08                      Action item

**Approval of FY12-13 Quarterly Billings**

Documents provided to the Board prior to meeting:  
Quarterly Billings for April 1, 2013 to June 30, 2013

Rosanne Torre, Board Secretary, gave a brief oral and written report.

Moved by Commissioner Cypert, seconded by Commissioner Levenson to approve the Quarterly Admin Staff Billings.

Approved by the following vote:  
Ayes: Cypert, Levenson, Marx, Murphy, Walsh

- 07292013-09                      Discussion item

**Discussion of RHCTF Charter Amendment to be submitted to San Francisco Voters in November 2013.**

Mr. Rapoport stated that this presentation is for informational purposes only and the Board is not taking a specific position on the proposition in accordance with the Charter and per the City Attorney Memo dated September 4, 2012, regarding Political Activity By City Officers and Employees that had been sent to the Board Members.

Christina Lee, Performance Analyst of Controller's Office, and Jess Montejano, Legislative Aide to Supervisor Farrell, gave a high-level overview of the Charter amendment. Ms. Lee gave an overview of the prefunding strategy component of the charter amendment and Mr. Montejano gave an overview of the governance structure of the measure and efforts that Supervisor Farrell's Office has undertaken to raise public awareness and support for the measure itself.

The Board expressed interest in having a presentation from Cheiron that would give a more

detailed report on how Cheiron arrived at the various assumptions.

- 07292013-10 Discussion item **Discussion regarding actions the Board can take with respect to active legislation, and specifically what the Board can do regarding charter amendments.**

Mr. Rapoport stated that they should fold most of the discussion in to agenda item 14 on governance policy. He referred the Board to the Memo sent through the Board Secretary dated September 4, 2012 from the City Attorney regarding "Political Activity By City Officers and Employees."

- 07292013-11 Discussion item **Discussion regarding obtaining staff support**

Mr. Rapoport reported that he has been trying to obtain staff support and listed projects that person could work on. The Trust Fund Administrator would be the one to find the staff support for the Board.

President Marx said she would take on this issue and asked that Mr. Rapoport provide a list of duties to be presented to the Controller.

- 07292013-12 Discussion item **Discussion regarding the next election for two RHCTF Board members in 2014**

The Board asked Ms. Torre to contact the Department of Elections to find the timeline of the election. There would be an understanding that the RHCTF Board wants to coordinate their election with the Health Service System's election to lower the cost.

- 07292013-13 Action item **Approve the Commendation for Constance Hiatt who resigned from the Board on March 13, 2013**

Documents provided to Board prior to meeting:  
Commendation for Constance Hiatt

Moved by Commissioner Cypert, seconded by Commissioner Walsh to sign and send the Commendation.

Approved by the following vote:  
Ayes: Cypert, Levenson, Marx, Murphy, Walsh

- 07292013-14 Action item **Adoption of RHCTF Governance and Fiduciary Policies**

Documents provided to Board prior to meeting:

Draft Governance Policies

Mr. Rapoport stated that in light of the fact that SFERS is rewriting some of their policies he would like to see what SFERS has done in that regard. He reviewed policies with the Board and requested that the Board send him comments.

Moved by Commissioner Levenson to continue this item, seconded by Commissioner Cypert.

Approved by the following vote:

Ayes: Cypert, Levenson, Marx, Murphy, Walsh

- 07292013-15                      Action item                      **Request for reimbursement to Commissioner Walsh for educational conference attended at International Foundation of Employee Benefit Plans**

Documents provided to Board prior to meeting:  
Reimbursement documents

Moved by Commissioner Murphy, seconded by Commissioner Levenson to approve payment.

Approved by the following vote:  
Ayes: Cypert, Levenson, Marx, Murphy, Walsh
- 07292013-16                      Discussion item                      **Report on International Foundation of Employee Benefits Plans Educational Conference**

Documents provided to Board prior to meeting  
Report on the Conference

Commissioner Walsh gave an oral report on the conference.
- 07292013-17                      Action item                      **Approve payment for Board Members to attend the CIO Public Pension Plan Summit in November 2013 and the CALAPRS Roundtable on September 13, 2013**

Documents provided to Board prior to meeting  
Conference Brochures and Costs

Moved to by Commissioner Murphy, seconded by Commissioner Walsh to approve payment.

Approved by the following vote:  
Ayes: Cypert, Levenson, Marx, Murphy, Walsh.
- 07292013-18                      Discussion item                      **Report on the Weinberg, Roger & Rosenfeld letter dated June 24, 2013, written on behalf of**



**Service Employees International Union, Local 1021**

Documents provided to Board prior to meeting:

Letter from Weinberg, Roger & Rosenfield

Mr. Rapoport reported on his response to this letter.

- 07292013-19 Discussion item

**List of educational opportunities**

Rosanne Torre, Board Secretary, handed out information on courses from the International Foundation.

- 07292013-20 Action item

**Opportunity to place items on future board agendas**

Documents provided to Board prior to meeting:

1. Discussion about City indemnification and legal defense. Mr. Rapoport mentioned that the City's Risk Manager might be able to make a presentation to the Board and also mentioned that this would be part of the fiduciary policy. He stated that the City is to defend and indemnify.
2. Commissioner Walsh offered reconsideration of the Regular RHCTFB meeting start time to 1:00 pm. President Marx mentioned 1:30 pm. The next Regular Scheduled meeting will be at 1:30 pm and there will be an agenda item to change the RHCTFB By-Laws.
3. Board to have a Special Meeting in about six weeks to discuss Custodial Request for Proposals; Investment Policy Statement, and invite Cheiron to make a presentation.

- 07292013-21 Discussion item

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

Public comments: None.

- Adjournment: There being no further business, the Board adjourned its meeting at 4:51 pm.