



Retiree Health Care Trust Fund Board

BOARD MEETING MINUTES

Regular Meeting

Monday, May 8, 2017

1:30 p.m.

City and County of San Francisco
SFERS Office – 1145 Market Street, 6th Floor Conference Room
San Francisco, CA 94103

RETIREE HEALTH CARE TRUST FUND BOARD MEMBERS

President

Ed Walsh

Vice President

Katharine Petrucione

Members

Pauline Marx

Clare Murphy

David Salem

Disability Access

The meeting will be held at SFERS Office, 1145 Market Street, 6th floor, San Francisco, CA 94103. Accessible seating is available for persons with disabilities. To obtain a disability-related modification or accommodation to participate in the meeting, including large print agendas, American Sign Language interpreters, FM sound amplification system and auxiliary aids or services, please contact Maura Lane, Board Secretary, at (415) 554-7502 or by email at maura.lane@sfgov.org at least 48 hours before the meeting, except for Monday meetings, for which the deadline is 4:00 p.m. the previous Friday.

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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. Members of the public will have an opportunity to speak on each item on the agenda when public comment is called for that time, before action is taken on any agenda item. In addition, members of the public may comment on any matter within the Board's jurisdiction during general public comment at the end of the meeting. A member of the public has up to three minutes for public comment, unless the chair specifies a different time. Call Maura Lane, Board Secretary, for further assistance at (415) 554-7502 or email at maura.lane@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.

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

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

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from The Sunshine Ordinance Task Force or by printing Chapter 67 of the San Francisco Administrative Code located on the Internet at <http://www.sfgov.org/sunshine/>.

Location of materials accompanying agenda items and materials distributed less than 72 hours before meeting. Meeting materials are available for inspection and copying during regular business hours at City Hall, Room 316, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102; please ask for Maura Lane, Board Secretary. Any materials distributed to the members of the Board within 72 hours of the meeting or after the agenda packet has been delivered to the members are available for inspection at the same location during regular office hours.

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

CALENDAR

- Call to Order: 1:30 p.m.
- Roll Call: **Commissioner Katharine Petrucione**
Commissioner Pauline Marx
Commissioner Clare Murphy
Commissioner David Salem
Commissioner Ed Walsh
- 05082017-01 Action Item **Approval of the Minutes of the February 6, 2017 Board meeting.**

Documents provided to Board:
February 6, 2017 Draft Meeting Minutes

There were no members of the public present, as noted by President Ed Walsh.

Action: Moved by Clare Murphy and seconded by David Salem to approve the minutes of the February 6, 2017 meeting.

Approved by the following votes:
Ayes: Petrucione, Marx, Murphy, Salem and Walsh

- 05082017-02 Action Item **Report on current funding status of RHCTF**

Documents provided to Board:
RHCTF Status and Budget Report FY 2018 - 2019

Michelle Allersma, Controller's Office, presented an oral and written report on this item.

Commissioner Petrucione asked for clarification on current year contributions and why there is a projected variance from the budget to where the Fund will be at year end.

Commissioner Salem asked if the City Attorney expenditures were in line with prior years.

Commissioner Salem requested clarification on why the manager fees are expected to increase. Ms. Allersma explained it was due to the growth of the Fund.

Commissioner Marx asked if SFERS' recent change in custodians will affect the Fund.

Commissioner Murphy asked for clarification on the carry forward.

Action: Moved by Commissioner Marx and Seconded by Clare Murphy to Approve the RHCTF Budget for FY 2018-2019.

Ayes: Petrucione, Marx, Murphy, Salem and Walsh

05082017-03

Discussion Item

Q1 Investment Report

Documents Provided to Board:

Investment Report from Meketa Investment Group, Investment Consultants

Larry Witt, Meketa Investment Consultant, discussed and reviewed the Q1 performance results.

Additionally, Meketa reviewed different options related to asset allocation.

Commissioner Murphy suggested that the Board receive education and review current targeted rates of return at an upcoming meeting.

Commissioner Murphy suggested that the Board clarify its role with regard to investment management of the Fund.

Commissioner Salem asked Meketa and SFERS to provide the Board with education on active vs. passive investing.

Commissioner Walsh requested education on different types of managers and a discussion of what would work best for the Fund.

Commissioner Murphy suggested that Staff present the Board with a process document that explains how manager searches occur and also that the Board clarify their own requirements for manager selection and processes as the Fund grows.

Commissioner Petrucione asked to see various portfolio examples as the Board discusses asset allocation and information on off-the-shelf offerings.

Commissioner Murphy suggested the Board discuss the expected rate of return and its effect on reaching “fully funded status” at the next meeting in addition to the Board’s risk tolerance.

Commissioner Walsh requested that SFERS staff prepare a road map for moving forward at the next meeting.

05082017-04

Discussion Item

Trust Administrator Update

Documents Provided to Board prior to meeting:

Trust Administrator Update

Michelle Allersma, Controller’s Office, discussed Investment Schedule Changes for June and July 2017.

05082017-05 Action Item **Review and Approval of Resolutions
Terminating the City Controller as Trust
Administrator and Appointing the SFERS
Executive Director as Trust Administrator
(Resolution 2017-01)**

Documents provided to Board prior to meeting:
Resolution Terminating the City Controller as Trust Administrator and Appointing the SFERS
Executive Director as Trust Administrator

Tran Ly, Deputy City Attorney, presented the proposed resolution. The effective date of the
resolution would be July 1, 2017.

Action: Moved by Clare Murphy and seconded by Katharine Petrucione to adopt the
resolution terminating the City Controller as Trust Administrator and appointing the SFERS
Executive Director as Trust Administrator (2017-01).

Ayes: Petrucione, Marx, Murphy, Salem and Walsh

05082017-06 Action Item **Review and Approval of Resolutions
Delegating Executory Authority to Certain
SFERS Staff (Resolution 2017-02)**

Documents provided to Board prior to meeting:
Resolution Delegating Executory Authority to Certain SFERS Staff

Tran Ly, Deputy City Attorney, presented the proposed resolution. The effective date of the
resolution would be July 1, 2017.

Action: Moved by Katherine Petrucione and Seconded by Pauline Marx to adopt the
resolution delegating executory authority to certain SFERS staff (Resolution 2017-02).

Ayes: Petrucione, Marx, Murphy, Salem and Walsh

05082017-07 Action Item **Review and Approval of Resolutions
Delegating Limited Investment Authority to
Certain SFERS Staff (Resolution 2017-03)**

Documents provided to Board prior to meeting:
Resolution Delegating Limited Investment Authority to Certain SFERS Staff

Tran Ly, Deputy City Attorney, presented the proposed resolution. The effective date of the
resolution would be July 1, 2017.

Commissioner Salem asked how adding other asset classes in the future may affect this
resolution.

Action: Moved by Clare Murphy and Seconded by David Salem to adopt the resolution
delegating limited investment authority to certain SFERS staff (Resolution 2017-03).

Ayes: Petrucione, Marx, Murphy, Salem and Walsh

05082017 – 08 Action Item **Review and Approval of Resolutions
Delegating Cash Transfer and Payment
Authority to Certain SFERS Staff
(Resolution 2017-04)**

Documents provided to Board prior to meeting:
Resolution Delegating Cash Transfer and Payment Authority to Certain SFERS Staff

Tran Ly, Deputy City Attorney, presented the proposed resolution. The effective date of the resolution would be July 1, 2017.

Action: Moved by Katharine Petrucione and Seconded by David Salem to adopt the resolution delegating cash transfer and payment authority to certain SFERS staff (Resolution 2017-04).

Ayes: Petrucione, Marx, Murphy, Salem and Walsh

05082017-09 Action Item **Opportunity to place items on future Board
Agendas**

Documents provided to Board prior to meeting: None

President Walsh asked that the election of officers be added to the August 7, 2017 meeting agenda.

05082017-10 Discussion Item **Opportunity for the public to comment on
any matters within the Board's jurisdiction.**

No members of the public were present.

Adjourn: 3:34 p.m.