



# MINUTES

Retiree Health Trust Fund Board  
City and County of San Francisco  
30 Van Ness Avenue, Suite 3000  
San Francisco, CA 94102

## Regular Meeting

Thursday, July 8, 2010

2:00 PM

Suite 3000  
30 Van Ness Avenue  
San Francisco, California 94103

### RETIREE HEALTH TRUST FUND BOARD MEMBERS

Gary Amelio  
Jose Cisneros  
Carol Cypert  
Benjamin Rosenfield, President  
Edward Walsh, Vice-President

### Pledge of Allegiance

#### **Roll Call:**

Jose Cisneros	2:00
Carol Cypert	2:00
Clare Murphy	2:00
Benjamin Rosenfield	2:00
Edward Walsh	2:00

### REGULAR CALENDAR

Gary A. Amelio was sworn in as a member of the Retiree Health Care Trust Fund Board by Treasurer Cisneros. Commissioner Rosenfield chaired the meeting as acting President.

- 1. Election of interim President and Vice President including designation of interim term of office**

**Commissioner Amelio recommended that officers, President and Vice-President, be elected on an annual basis at the June meeting.**

Action: Approved by the following vote:

Ayes: Amelio, Cisneros, Cypert, Rosenfield, Walsh

**Commissioner Amelio Seconded by Walsh to elect Commissioner Rosenfield as President.**

Action: Approved by the following vote:

Ayes: Amelio, Cisneros, Cypert, Rosenfield, Walsh

**Moved by Commissioner Amelio to elect Commissioner Walsh as Vice-President,**

**2. Approval of the Minutes of the December 7, 2009 Board Meeting**

Moved by Commissioner Cisneros, seconded by Commissioner Walsh to Approve the Minutes of the December 7, 2009 Board meeting as amended.

Action: Approved by the following vote:

Ayes: Amelio, Cisneros, Cypert, Rosenfield, Walsh

**3. Designation of Regular Meeting Times**

The Board recommended quarterly meetings.

**4. Approval of Trust Fund Agreement establishing the Retiree Health Care Trust Fund with Possible Modifications**

Erik Rosenfield, Deputy City Attorney, presented an oral and written report on this item.

Commissioner Walsh recommended additional language stating the purpose of the Trust document. Mr. Rapoport agreed to draft language. Mr. Rapoport noted that the Trust document was required for IRS certification.

Commissioner Amelio noted that he was familiar with the drafting of this type of Trust document. He has provided comments on the draft in writing to the Office of the City Attorney.

Commissioner Rosenfield requested clarification of Section 3.02, Sub-Trusts and Accounts. Commissioner Cypert noted that the language as drafted was intended to allow, but not require, separate sub-trusts or accounts for other employers (e.g. Unified School District).

Commissioner Rosenfield discussed the process for establishing the Fund's budget, and noted that this would be subject to discussion at future meetings.

Commissioner Rosenfield noted the potential impact of Federal healthcare reform. Mr. Rapoport noted that, to the extent currently possible, this had been taken into account in the drafting of the Trust fund document. Commissioner Amelio noted that Section 10.06, Nonassignment, addresses this issue in part.

In response to a question from Commission Rosenfield, Mr. Rapoport noted that distribution or allocation of trust fund assets would require express approval by the

Board. Commissioner Amelio noted that the Mayor and Board of Supervisors do not have authority over Trust Fund assets.

In response to a question from Commissioner Walsh, Commissioner Amelio noted that the Board was responsible for the investment of Trust Fund assets, although this could be delegated to an external investment manager or other City agency (e.g. Treasurer or Retirement System).

Commissioner Cypert requested additional language on Commissioner responsibilities and liabilities.

Mr. Rapoport recommended that IRS determination referenced in Section 2.03, Taxation, be performed by outside counsel. The Board recommended further discussion at a future meeting. Commissioner Cypert requested additional information on work that would be performed by outside counsel.

Commissioner Cypert requested clarification as to who would serve as custodian for Trust Fund assets. Commissioner Rosenfield noted that the Treasurer currently serves as custodian for Trust Fund assets and is managed by the staff of the Treasurers office.

Commissioners Cypert and Amelio recommended that Terms of Reference or a similar document be adopted for the Board, including By-laws for the Board.

Commissioner Cypert inquired as to which services would be required by RFP. Mr. Rapoport noted that the City's normal contracting process and procedures would apply to the Board.

In response to a question from Commissioner Cypert, Commissioner Rosenfield noted that annual financial reports would be provided at the end of the fiscal year, once the Trust is formally established.

Commissioner Cypert recommended that the City Attorney's Office consider language that would address the potential termination of the Trust. Mr. Rapoport will prepare a sample investment policy.

Commissioner Amelio recommended that the Board consider an RFP for outside legal counsel.

Moved by Walsh, Seconded by Cypert to continue to the next meeting.

**5. Appointment of Controller as Trust Fund Administrator**

Continued to the next meeting.

**6. Report on Current Status of RHCTF**

Commissioner Rosenfield, Controller, presented an oral and written report on this item.

**7. Discussion and Approval of 2010-2011 RHCTF Budget with possible modifications**

Commissioner Rosenfield, Controller, presented an oral and written report on this item.  
Moved by Commissioner Walsh, seconded by Commissioner Cypert to Approve the Proposed Budget.

Action: Approved by the following vote:  
Ayes: Amelio, Cisneros, Cypert, Rosenfield, Walsh

**8. Discussion and possible action regarding RHCTF Staffing, Expense Processing, Board Bylaws, Governance Policy, Investment Policy Statement and other trust related documents.**

Commissioner Walsh discussed the need to develop a formal investment policy.  
Commissioner Rosenfield noted that the assets are currently subject to the investment policy of the Treasurer's Office in a pooled fund.

Commissioner Cisneros and Commissioner Amelio noted that investment policy should be discussed in the context of investment management and goals.

Mr. Rapoport noted that a draft investment policy could be presented at the next Board meeting for purposes of discussion.

Commissioner Cisneros offered to present information on the Treasurer's investment policies at a future meeting.

Staffing was discussed; the Retirement System and Controller's Office will

**9. Opportunity to place items on future Board agendas**

Monday August 30<sup>th</sup> at 2:00 PM was recommended for the next meeting.

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

None.

**11. Adjournment**

There being no further business, the Board adjourned its meeting at 3:35 PM

Respectfully submitted,

Ben Rosenfield  
President, Retiree Health Care Trust Fund Board