



Retiree Health Care Trust Fund Board

BOARD MEETING MINUTES

Rescheduled Regular Meeting

Tuesday, January 28, 2014

1:30 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

Pauline Marx

Vice President

Ed Walsh

Members

Carol Cypert

Leo Levenson

Clare Murphy

Disability Access

The meeting will be held at SFERS Office, 30 Van Ness Avenue, Suite 3000, San Francisco, CA 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 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.

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

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

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

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

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

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

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

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

Lobbyist Registration and Reporting Requirements

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

CALENDAR

□ Call to Order

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

□ 01282014-01 Action item **Approval of the Minutes of the July 29, 2013 Rescheduled Regular Board Meeting and September 30, 2013 Special Board Meeting.**

Documents provided to the Board prior to meeting:

1. Draft Minutes of the July 29, 2013 Rescheduled Regular Board Meeting
2. Draft Minutes of the September 30, 2013 Special Board Meeting

Moved by Commissioner Cypert, seconded by Commissioner Walsh to approve the Minutes of the Rescheduled Regular Board Meeting of July 29, 2013 and September 30, 2013 Special Board Meeting.

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

□ 01282014-02 Discussion item **Report on current funding status (budget) of RHCTF.**

Documents provided to the Board prior to meeting:

RHCTF Funding Status and Budget Updated 01-21-2014

Theresa Kao of the Controller's Office gave an update on the budget.

□ 01282014-03 Discussion item **Report on current investment status of RHCTF.**

Documents provided to the Board prior to meeting:

Office of the Treasurer & Tax Collector's Investment Report for the Month of December 2013

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

- 01282014-04 Discussion item **Annual Report**

Documents provided to the Board prior to meeting:
Comprehensive Annual Financial Report (CAFR)
Year ended June 30, 2013; pps. 117-118 and
199-201

Deborah Gordon of the Controller's Office
reported on the Annual Report taken from the
Comprehensive Annual Financial Report Year
ended June 30, 2013.

- 01282014-05 Discussion item **Continued item from the July 29, 2013 RHCTF
Board Meeting: Ron Gerhard, Vice Chancellor
of Finance and Administration, of San
Francisco Community College District
(SFCCD) to discuss status of SFCCD
participation in the Trust Fund.**

Documents provided to the Board prior to meeting:
None

Ron Gerhard, Vice Chancellor of Finance and
Administration of San Francisco Community
College addressed the Board on questions the
Board had from previous meetings. Mr. Gerhard
confirmed that all five labor organizations had
ratified their MOU's and none have opted out.
The Board engaged in a question and answer
session. There was a discussion on the
implementation of GASB 45 and the possible
employer and employee funding plan.

- 01282014-06 Discussion item Meketa report regarding investment consulting
overview.

Documents provided to the Board prior to meeting:
Implementation Options, January 28, 2014

Mika Malone and Brad Regier of Meketa
presented their report on implementation options.
Ms. Malone presented first and mentioned that at
the September Board meeting Meketa had been
asked to look at different implementation options.

Ms. Malone listed the four options that Meketa laid
out in the report: 1) A coinvestment with SFERS in
their aggregate global equities and fixed income
portfolios, which consists of active and passive
investments. The RHCTFB could not invest
alongside SFERS in a unitized structure in private
markets or illiquid strategies; 2) coinvest with

SFERS in three passive investment options (U.S. Equity, International Equity, and Core Fixed Income); 3) the CALPERs program has put together California Employers' Retiree Benefit Trust (CERBT), which is open to trust funds like RHCTF. There are three asset allocation options they offer and Meketa evaluated them and the different constraints; and 4) an independent solution, which could take a variety of forms.

Mr. Regier then presented each option. The Board and Meketa engaged in a question and answer session. Meketa was asked to return to the next meeting with answers to questions regarding options 2 and 3, and provide additional details on options 2 and 3.

- 01282014-07 Action item **Discussion and possible action regarding the investment of the Retiree Health Care Trust Fund assets with the San Francisco Employees' Retirement System (SFERS).**

This item was rolled up into item 06.
- 01282014-08 Action item **Approval of FY 13-14 Quarterly Billings.**

Documents provided to the Board prior to meeting:
Quarterly Billings for July 1, 2013 through December 31, 2013

Moved by Commissioner Murphy, seconded by Commissioner Walsh to approve FY 13-14 Quarterly Billings.

Approved by the following vote:
Ayes: Cypert, Marx, Murphy, Walsh
Absent: Levenson
- 01282014-09 Discussion item **Discussion regarding obtaining staff support for RHCTF administration.**

Documents provided to the Board prior to meeting:
None

President Marx reported that Controller Ben Rosenfield said there would be staff support available by the next quarterly meeting. The staff would be assigned to work on the policies and procedures and be the point person. There was discussion of the need for more staff to support the fund. President Marx suggested that a job description be presented to the Controller's Office to let them know the skill set and how much time

is needed. Commissioner Murphy outlined the staffing that might be needed five years from now. The Board discussed various options for providing staff support.

□ 01282014-10 Action Item

Approval of RHCTFB Resolution NO. 2014-01 ordering the election for the two RHCTF Board members whose terms expire in May 2014, and authorizing the Trust Fund Administrator to proceed with the election.

Documents provided to the Board prior to meeting:

1. Resolution NO. 2014-01 ordering the 2014 Retiree Health Care Trust Fund Board election; setting dates for the election; authorizing the Trust Fund Administrator to initiate the election process; and authorizing staff to proceed with the election.
2. Letters to Director of Elections and Health Service System members
3. Attachments: Election Notice, Election Schedule, Nomination Form

Erik Rapoport, Deputy City Attorney, mentioned the hard work that Board Secretary Rosanne Torre, Norm Nickens of SFERS, and Cuong Quach of the Department of Elections have done to roll out this election.

Moved by Commissioner Cypert, seconded by Commissioner Murphy to approve RHCTFB Resolution NO. 2014-01 ordering the election for the two RHCTF Board members whose terms expire in May 2014, and authorizing the Trust Fund Administrator to proceed with the election.

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

□ 01282014-11 Action item

Change the RHCTFB Bylaws Article III, Section 1, to show the 1:30 p.m. meeting start time; and adding the word “Care” to title and Article I, Section 1. Name.

Documents provided to Board prior to meeting:
San Francisco Retiree Health Care Trust Fund Board Bylaws

Moved by Commissioner Cypert, seconded by Commissioner Murphy to make the changes to the Bylaws.

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

- 01282014-12 Action Item

Approve reimbursements to Commissioner Marx for costs associated with education.

Documents provided to Board prior to meeting:

Travel and hotel costs and agenda for the Investment Education Symposium on February 26-28, 2014.

Moved by Commissioner Walsh, seconded by Commissioner Murphy to reimburse Commissioner Marx for costs.

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

- 01282014-13 Discussion item

Discussion regarding preapproval process of training costs.

Documents provided to Board prior to meeting:

None

The Board discussed the challenge of gaining preapproval to participate in educational opportunities and obtain reimbursement for costs in a timely manner under the current Education and Travel Policy. They also discussed gaining membership with educational entities that would provide a discount to commissioners for courses. It was noted that approval for membership and approval for education and travel had different consequences.

There was discussion regarding SFERS preapproval process and there having a list of preapproved entities. Rosanne Torre, Board Secretary, will contact Norm Nickens of SFERS for more information on their preapproval process and bring it to the next Board meeting.

Erik Rapoport, Deputy City Attorney, said he would look into the possibility of delegating the responsibility for processing educational related expenses to the Controller's Office consistent with the Board's Education and Travel policy. Mr. Rapoport will look at the way the reimbursements

have been written up in the policy and look at the way SFERS handles them so there could be a possible vote at the next meeting.

It was suggested that Rosanne Torre be sent names of associations and training institutions.

- 01282014-14 Discussion item **List of educational opportunities**

Documents provided to Board prior to meeting:
CALAPRS 2014 Program Calendar

Rosanne Torre, Board Secretary, gave the CALAPRS 2014 Program Calendar and Commissioner Marx handed out a syllabus from the CFA Institute.

- 01282014-15 Action item **Opportunity to place items on future Board agendas**

 - 1. Memo talking about whether the full implementation of Obamacare has any impact on the retiree health care obligation.
 - 2. Education and Travel Policy
 - 3. Governance Policies – depending on when the staff person is assigned.

- 01282014-16 Discussion item **Opportunity for the public to comment on any matters within the Board’s jurisdiction.**

There were no public comments.

- Adjournment: There being no further business, the Board adjourned its meeting at 3:24 pm.