



Retiree Health Care Trust Fund Board

BOARD MEETING MINUTES

Monday, February 1, 2021

1:00 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

Pauline Marx

Vice President

Edward Walsh

Members

Clare Murphy

Katharine Petrucione

David Salem

Trust Administrator

Jay Huish

SFERS Executive Director

Disability Access

The meeting will be held at the SFERS Office, 1145 Market Street, 6th floor, 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 Kelsey Lim, Board Secretary, at (415) 487-7507 or by email at kelsey.lim@sfgov.org at least two (2) business days before the meeting.

The closest accessible BART Station is Civic Center, three blocks from City Hall. Use the Market and 8th Street exit. Accessible MUNI lines serving this location are: 5, 9, 9L, 19, 47 and the F Line to Market and 8th and the Metro stations 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 Kelsey Lim, Board Secretary, for further assistance at (415) 487-7507 or email at kelsey.lim@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 kelsey.lim@sfgov.org

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from the Clerk of 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 Kelsey Lim, Board Secretary, SFERS, 1145 Market Street, 5th Floor, San Francisco, CA 94103; telephone (415) 487-7507; or send an email with your request to kelsey.lim@sfgov.org.

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 SFERS, 1145 Market Street, 5th Floor, San Francisco, CA 94103; please ask for Sofia Millham, 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.

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 -2.160) 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

- **Roll Call** **Call to Order: 1:10 PM**
Pauline Marx - Present
Clare Murphy - Present
Katharine Petrucione - Present
David Salem - Present
Ed Walsh – Absent

- 02012021-02 **Communications & General Public Comment**

Board Secretary, Kelsey Lim, reviewed public comment procedures due to Covid-19 restrictions.

- 02012021-03 Action Item **Approve the Minutes of November 16, 2020 Board Meeting**

Documents provided to Board prior to meeting: November 16, 2020 Draft Minutes
Action: Moved by Commissioner Petrucione and seconded by Commissioner Salem to approve the Minutes.
Ayes: Marx, Murphy, Petrucione, Salem Nays: None

- 02012021-04 Action Item **Approve the Minutes of January 25, 2021 Special Board Meeting**

Documents provided to Board prior to meeting: January 25, 2021 Draft Minutes
Commissioner Marx noted that she made the comments on January 25, 2021 during Good of the Order not Commissioner Murphy.
Kelsey Lim, Board Secretary, noted that she made the correction to the Minutes.
Action: Moved by Commissioner Murphy and seconded by Commissioner Petrucione to approve the Minutes.
Ayes: Marx, Murphy Petrucione, Salem Nays: None

- 02012021-05 Discussion Item **Review Investment Performance as of December 31, 2020**

Documents provided to Board prior to meeting: Staff Memorandum; Meketa Performance Report as of December 31, 2020
Kurt Braitberg, SFERS’ Managing Director of Public Markets, introduced this item.
David Suh, of Meketa Investment Group, presented a written and oral report on this item.
Action: This was a discussion item only.

- 02012021-06 Action Item **Approve an Allocation of 10% of the Total Domestic (US) Equity Exposure to Small Caps Stocks; Approve Selection of the Northern Trust Russell 2000 Index Fund; Approve Replacement of Northern Trust S&P**

500 Index Fund with Northern Trust Russell 1000 Index Fund

Documents provided to Board prior to meeting: Staff Memorandum; US Small Cap Equity Index Search from Meketa Investment Group

Kurt Braitberg, SFERS' Managing Director of Public Markets, introduced this item.

Paola Nealon, of Meketa Investment Group, presented a written and oral report on this item.

Action: Moved by Commissioner Murphy and seconded by Commissioner Petrucione to Approve an Allocation of 10% of the Total Domestic (US) Equity Exposure to Small Caps Stocks; Approve Selection of the Northern Trust Russell 2000 Index Fund; Approve Replacement of Northern Trust S&P 500 Index Fund with Northern Trust Russell 1000 Index Fund

Ayes: Marx, Murphy, Petrucione, and Salem Nays: None

- 02012021-07 Action Item **Approve Proposed Asset Allocation and Implementation Plan for the Community College District's Sub-Trust**

Documents provided to Board prior to the meeting: Staff Memorandum; Asset Allocation Recommendation from Meketa Investment Group

Kurt Braitberg, SFERS' Managing Director of Public Markets, introduced this item.

Mika Malone, of Meketa Investment Group, presented a written and oral report on this item.

Commissioner Murphy clarified that RHCTF had authorized the disbursement of up to \$21 Million with the understanding that this would not happen again in the future.

Caryn Bortnick, SFERS' Deputy Executive Director, responded the College District is willing to put into writing that there will be no future disbursements. However, it is unclear that current trustees can bind future trustees to such a promise, but there will be an MOU in place.

Tran Ly, City Attorney, confirmed the Charter does allow for disbursement. There is nothing stopping entities from saying liquidity has changed and they may present the Board new analysis.

Ms. Bortnick responded this is why we want the College District assets to remain liquid. If this problem arises again, we do not want to potentially disadvantage the City by liquidating assets that may have been invested jointly.

Commissioner Marx asked how Meketa Investment Group determined the recommendation of higher risk with similar return.

Ms. Malone responded that they are following the original structure of the asset allocation goal, which was a return of 7.5%. Commissioners agreed to accept the risk with that objective rather than a stated goal of a certain risk level. Meketa has adopted the same methodology.

Commissioner Murphy would be in favor of amending the Charter to deter other entities from requesting disbursement in the future because they do not understand the costs and efforts surrounding these allocations.

Ms. Bortnick noted that any added expenses will be allocated to City College District. The

Board will have an MOU and it should alleviate a lot of the issues the Board has discussed.

Action: Moved by Commissioner Petrucione and seconded by Commissioner Salem to Approve Proposed Asset Allocation and Implementation Plan for the Community College District's Sub-Trust.

Ayes: Marx, Murphy, Petrucione, and Salem Nays: None

Commissioner Petrucione left meeting at 2PM

- 02012021-08 Action Item **Approve Proposed Budget FY 2021-2022 and FY 2022-2023**

Documents provided to the Board prior to meeting: Staff Memorandum; Proposed Budget FY 2021-22 and FY 2022-23

Caryn Bortnick, SFERS' Deputy Executive Director, presented this item. She clarified membership to SACRS is \$250 annually. Professional Services remained the same at \$500,000 for reserves.

Action: Moved by Commissioner Murphy and seconded by Commissioner Salem

Ayes: Marx, Murphy, and Salem Nays: None

- 02012021-09 Discussion Item **Review RHCTF Financial Statements and Required Supplementary Information (Year Ended June 30, 2020)**

Documents provided to the Board prior to meeting: Staff Memorandum; MGO Financial Statements and Required Supplementary Information (Year Ended June 30, 2020)

Caryn Bortnick, SFERS' Deputy Executive Director, presented this item.

Action: This was a discussion item only.

- 02012021-10 Discussion Item **Trust Administrator Report**

Documents provided to the Board prior to meeting: Staff Memorandum

Caryn Bornick, SFERS' Deputy Executive Director, presented this item. She noted that the approved money was disbursed to the College District on December 10, 2020. \$2,293,496 have been received in employee contributions through December 2020 and the College District has agreed to give those contributions on a quarterly basis.

Action: This was a discussion item only.

- 02012021-11 Discussion Item **Board Educational Opportunities**

Documents provided to Board prior to meeting: List of Educational and Training Opportunities from Cortex Applied Research

Action: This was a discussion item only.

- 02012021-12 Discussion Item **Good of the Order**

RHCTF Board members may request that any matter be calendared at a future meeting. All such requests shall be calendared in a reasonable time. (RHCTF Board Operations Policy ¶17.) The Board will not discuss any items requested to be calendared until a subsequent

meeting when the matter is included on the agenda with the required public notice.

Action: This was a discussion item only.

□ **Adjourned at 2:44 PM**

Next regularly scheduled meeting is Monday, May 17, 2021