



# **Retiree Health Care Trust Fund Board**

## **SPECIAL BOARD MEETING MINUTES**

**Monday, February 3, 2025**

**1:30 p.m.**

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

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

*President*

**Pauline Marx**

*Vice President*

**Paul Denning**

*Members*

**Al Casciato**

**Katharine Petrucione**

**David C. Salem**

*Trust Administrator*

**Alison Romano**

**Disability Access**

The meeting will be held at the SFERS Office, 1145 Market Street, 6<sup>th</sup> 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](mailto: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 8<sup>th</sup> Street exit. Accessible MUNI lines serving this location are: 5, 9, 9L, 19, 47 and the F Line to Market and 8<sup>th</sup> 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](mailto: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](mailto: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, 5<sup>th</sup> Floor, San Francisco, CA 94103; telephone (415) 487-7507; or send an email with your request to [kelsey.lim@sfgov.org](mailto: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, 5<sup>th</sup> 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](http://www.sfgov.org/ethics).

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# CALENDAR

- **Roll Call**      **Call to Order: 1:30 PM**  
Al Casciato - Present  
Paul Denning – Present  
Pauling Marx -- Present  
Katharine Petrucione - Present  
David Salem – Present
  
- 02032025-02      **Communications & General Public Comment**  
  
Board Secretary, Steve Worsfold, reviewed public comment procedures for both in person and teleconference.  
  
No Public comment
  
- 02032025-03      Action Item      **Approve the Minutes of the November 20, 2024 Board Meeting**  
  
Documents provided to Board prior to meeting: Minutes of the November 20, 2024 Special Meeting  
**Action:** Moved by Commissioner Casciato and seconded by Commissioner Denning to approve the Minutes of the November 20, 2024 Meeting.  
  
Ayes: Casciato, Denning, Marx, Petrucione, Salem    Nays: None
  
- 02032025-04      Action Item      **Approve the Minutes of the January 22, 2025 Special Board Meeting**  
  
Documents provided to Board prior to meeting: Minutes of the January 22, 2025 Meeting  
**Action:** Moved by Commissioner Denning and seconded by Commissioner Casciato to approve the Minutes of the January 22, 2025 Special Board Meeting  
  
Ayes: Casciato, Denning, Marx, Petrucione, Salem    Nays: None
  
- 02032025-05      Discussion Item      **Quarterly Review of the Retiree Health Care Trust Fund Performance as of December 31, 2024**  
  
Documents provided to Board prior to meeting: Staff Memorandum; Quarterly Review as of December 31, 2024 from Meketa Investment Group  
  
Kurt Braitberg, RHCTF CIO and SFERS Managing Director- Public Markets, introduced this item.  
  
Mika Malone and Paola Nealon, of Meketa Investment Group, presented a written and oral presentation.  
  
Commissioner Denning asked what kind of fees are associated with Man FRM.  
  
Ms. Malone referred to page 46 of the Meketa Performance Report. She mentioned this page does not include the firm's underlying financial fees, which are paid within the context of the fund.  
  
Commissioner Marx stated it would be interesting to see what is added on top of the thirty-four basis points.

Ms. Malone said Meketa could provide that information at the next Board meeting.

Commissioner Salem, referring to HPS being acquired by BlackRock, he wondered who is currently auditing and who would be auditing in the future.

Ms. Malone replied she would have to come back with that information, but mentioned it would not be in the firm's best interest to change the auditor in the middle of a review or year.

Commissioner Casciato requested Meketa provide a simple statement regarding the state of the Community College District Trust so that the average member could understand whether the plan was doing well or not well.

Ms. Nealon responded the plan has done very well. It is a well-diversified portfolio. In a one-year span, a return of 10.6% is a strong and healthy number. Staff do not typically incorporate a peer comparison for this plan, but she confirmed that 10.6% is a strong and healthy number.

Commissioner Marx commented that the relevance for the Board's purpose is that the College District is making their contributions, which is not reflected in the report, but hopefully is happening.

Caryn Bortnick, SFERS Chief Operating Officer, confirmed that the College District is making contributions.

**Action:** This was a discussion item only.

□ 02032025-06    Action Item                    **Review and Approve \$18 Million Commitment to Sculptor Real Estate Fund V for the City and County's Sub-Trust**

Documents provided to the Board prior to meeting: Staff Memorandum; Meketa Private Real Estate Manager Search

Mr. Braitberg introduced this item.

Scott Maynard, of Meketa Investment Group, presented a written and oral presentation on this item.

Commissioner Marx had a question about the "deal by deal" structure represented on page six of the report. She wanted to know if the term only referred to the compensation or if it referred to anything else that happens on a deal by deal basis.

Mr. Maynard responded that if a certain deal generates above the preferred return, the GP is entitled to earn a certain amount of carried interest from that single deal. Normally, at the total fund level, they would earn 20% over 8% rather than 20% over 8% on every single individual deal. This is how the Fund currently operates. They keep the funds in an account and do not pay out until the end. However, just because they have done this historically, that does not mean that is what they will do in the future. Their documents allow for this deal by deal structure, so Meketa want's their clients to be aware.

Commissioner Salem asked for clarification on the terms closed end and opened end real estate fund and why closed end offers the Trust more diversification.

Mr. Braitberg explained that an open end structure is similar to a mutual fund where one would invest and have instant exposure to an entire portfolio of stocks or bonds. In the Trust's case, with real estate funds, the Trust committed capital, the fund drew it and then the Trust had exposure to a seasoned portfolio of real estate. This is an ongoing fund in perpetuity. The RHCTF can choose to withdraw overtime, but it will continue to invest.

He went on to explain a closed end fund has a finite period of time where the fund will raise capital. It will take the capital, invest it, and return it back to the Trust over a specified period of time. This allows the Trust to invest opportunistically into a clean balance sheet of diversified set of

opportunities.

Commissioner Denning noted that Meketa's summary reflects that 20% of the investment can go towards Europe but asked if that 20% is not used in European investment will that go towards US properties?

Mr. Maynard replied yes, it will go toward US Real Estate. Generally, Sculpture will invest, at minimum, 80% in US property.

Commissioner Salem questioned the terms "for sale residential" and "multi-family" on page 8 of the Hypothetical Allocation Chart.

Mr. Maynard responded the term refers to condominiums. Multi-family refers to apartment complexes or attached units. He confirmed these are not single family homes.

**Action:** Moved by Commission Casciato and seconded by Commissioner Denning to approve \$18 million commitment to Sculptor Real Estate Fund V for the City and County's Sub Trust.

□ 02032025-07    Action Item                    **Review and Approve Proposed Budget FY 2025-2026 and FY 2026-2027**

Documents provided to Board prior to meeting: Staff Memorandum; Proposed Budget FY 2025-2026 and FY 2026-2027

Caryn Bortnick, SFERS Chief Operating Officer, introduced this item.

Commissioner Petrucione requested to see the total budget represented on the report.

Commissioner Marx suggested that the summarized totals be added to all the columns.

Ms. Bortnick agreed and said she would email the revised budget report.

Commissioner Petrucione stated that the estimated 1.25 FTE for retirement services seems low and does not provide information from previous years.

Ms. Bortnick replied that SFERS has not been accurate in how they have been billing RHCTF. This is in line with what is anticipated of all the people on SFERS side based on previously billed time.

Mr. Braitberg added that at least one investment staff works with him weekly on RHCTF business.

Commissioner Marx stated with that information, the dollar amount of 1.25 FTE translated to \$110,000 cannot be accurate.

Commissioner Petrucione added that RHCTF should properly compensate SFERS staff's time.

The Board suggested to amend the \$110,000 proposed budget to \$250,000 for FY 2025-2026 & FY 2026 -2027.

Action: Moved by Commissioner Casciato and seconded by Commission Salem to Approve the Proposed Budget FY 2025-2026 and FY 2026-2027 as amended.

□ 02032025-08    Action Item                    **Approve Amendments to Policy Regarding Disclosure of Placement Agent Fees, Gifts, and Campaign Contributions**

Documents provided to Board prior to meeting: Staff Memorandum; Proposed Policy- Redlined; Proposed Policy, Clean Version with Amendments

Caryn Bortnick, SFERS Chief Operating Officer, introduced this item

Action: Moved by Commissioner Denning and seconded by Commissioner Casciato to Approve

Amendments to Policy Regarding Disclosure of Placement Agent Fees, Gifts, and Campaign Contributions

Ayes: Casciato, Denning, Marx, Petrucione, Salem    Nays: None

□ 02032025-09    Discussion Item    **Trust Administrator Report**

Documents provided to Board prior to meeting: Staff Memorandum; Cortex Report

Ms. Bortnick introduced this item.

Commissioner Marx asked for an update from the Ethics Commission and/or Staff on the changes to the rules so the Board understands how they apply to SF RHCTF specifically.

Cecilia Mangoba, City Attorney, referred to the videos on the Ethics Commission website that explain the changes, but stated if more information is required, Staff can revise it to be more applicable to what Boards do.

□ 02032025-10    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 3:30 PM**

Next scheduled meeting is Monday, June 2, 2025 at 1:30pm