



Retiree Health Care Trust Fund Board

SPECIAL BOARD MEETING MINUTES

Monday, June, 2, 2025

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

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, 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: 1:45 PM**
Al Casciato - Present
Paul Denning – Present
Pauling Marx -- Present
Katharine Petrucione - Present
David Salem – Present

- 06022025-02 **Communications & General Public Comment**

Board Secretary, Kelsey Lim, reviewed public comment procedures for both in person and teleconference.

No Public comment

- 06022025-03 Action Item **Approve the Minutes of the February 3, 2025 Board Meeting**

Documents provided to Board prior to meeting: Minutes of the February 3, 2025 Special Meeting

Action: Moved by Commissioner Denning and seconded by Commissioner Casciato to approve the Minutes of the February 3, 2025 Special Board Meeting.

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

- 06022025-04 Action Item **Review and Approve a \$20 Million Commitment to Castlake Asset-Based Private Credit III, L.P. for the City and County's Sub-Trust**

Documents provided to Board prior to meeting: Staff Memorandum; Meketa Private Credit Manager Search

Commissioner Denning recused himself from this item due to a previous relationship with the company years ago and as a current investor in another Castlake fund.

Kurt Braitberg, RHCTF CIO and SFERS Managing Director- Public Markets, introduced this item.

Mary Bates, of Meketa Investment Group, presented a written and oral presentation.

Commissioner Marx asked about the difference between the terms specialty finance and special situations.

Mr. Braitberg explained specialty finance are lending strategies that have tangible collateral against them. In special situations, much of the return comes from buying something at a low price and selling it at a higher price. In that case, capital appreciation is most of the return. For specialty finance, there is collateral and the majority of the return comes from income.

Commissioner Salem wondered what the thinking was behind the decision to recommend the closed-end fund versus the open-end fund.

Mr. Braitberg responded that with a closed fund, there is a finite term. With a finite term, there is an inherent discipline when the fund begins to expire. We can re-evaluate the strategy, if we are satisfied with how the fund has performed, we can consider investing in the next version.

Action: Moved by Commissioner Salem and seconded by Commissioner Casciato to approve a

\$20 Million Commitment to Castlelake Asset-Based Private Credit III, L.P. for the City and County's Sub-Trust

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

- 06022025-05 Action Item **Review and Approve a \$20 Million Investment in Invesco U.S. Income Fund, L.P. for the City and County's Sub-Trust**

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

Kurt Braitberg, RHCTF CIO and SFERS Managing Director- Public Markets, introduced this item.

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

Commissioner Salem noted that Invesco U.S. seemed to be heavily invested in properties in the South. He questioned if the Board should reconsider investing with this fund considering global warming and the potential destruction from hurricanes in the South.

Mr. Maynard confirmed that the South is the foundation of the Invesco strategy, largely because the major markets that they invest in (Phoenix, Atlanta, Las Vegas, and Boise), are markets with growing populations. These are out of the gateway markets, such as Los Angeles, San Francisco, Seattle, and New York, where the large ODCE funds are invested.

Mr. Maynard noted that the strategy is not solely in hurricane or flood zone areas. However, no one can deny global warming and the impact it has on everything, including insurance, which raises the cost of owning real estate.

Commissioner Salem wondered how funds balance these risks.

Mr. Maynard responded that insurance is a smaller, but significant part of the total cost. However, it is not the biggest part of owning real estate. Invesco has assets all over the United States and it receives premium benefits from insurers. Invesco has blanket coverage and markets that are less prone to natural disasters, hopefully pull down the total premium.

Commissioner Denning asked Meketa what the future plans are for the Trust's portfolio as they try to diversify, considering international versus United States real estate.

Mr. Maynard replied that Invesco wants to invest in markets with population and employment growth, which are the biggest drivers of demand for real estate in the US. There are reports of less capital coming into the US on the margin in the last five years. Historically, investing in the US one can expect adequate diversification, property type market, demand drivers, and economies. Looking internationally, investors would need to consider politics, currency, and trade risks.

Action: Moved by Commissioner Petrucione and Seconded by Commissioner Denning to approve a \$25 Million Investment in Invesco U.S. Income Fund, L.P. for the City and County's Sub-Trust.

Ayes: Casciato, Denning, Marx, Petrucione Nays: Salem

- 06022025-06 Action Item **Presentation on Government Ethics Laws**

Documents provided to the Board prior to meeting: Staff Memorandum; Government Ethics PowerPoint from SF City Attorney's Office

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

Ana Flores, from the City Attorney's Office, presented a written and oral presentation.

Action: This was a discussion item only.

□ 06022025-07 Action Item **Quarterly Reviews of the Retiree Health Care Trust Fund's Performance as of December 31, 2024 and March 31, 2025**

Documents provided to Board prior to meeting: Staff Memorandum; Meketa Q4 Performance Report (Final); Meketa Q1 Performance Report

Kurt Braitberg introduced this item.

Paola Nealon, of Meketa Investment Group, presented a written and oral presentation.

Commissioner Denning asked Meketa and Staff to share their thoughts on Private Equity Funds lack of distributed DPI and their attempt to invite the public into their 401K.

Mika Malone, of Meketa Investment Group, noted that the market is moving strongly towards both the 401K retirement market, as well as the individual market. It is finding ways to push liquidity towards these two untapped areas for private market commitments. Given the age of the SF RHCTF portfolio relative to others in the marketplace, this Board should feel positively about it's future distribution. The Trust is still building towards its targets with most of it's vintages from 2020 to 2025. This means there is not a lot of capital invested yet. Where there is struggle, are the 2017 to 2018 funds, where under normal circumstances, would be moving towards significant distributions today, but instead, are seeking extension requests.

Commission Marx wondered in terms of endowments and liquidity, if the Trust can take advantage, if any, of the dumping that is currently happening.

Mr. Braitberg replied that the advantage would be as buyer. People may have read recently that endowments are facing tax burdens that they have not faced in recent years. The sales the public may have read about have been tax motivated as well as asset allocation motivated. There is an opportunity for the Board to be a provider of liquidity and perhaps buy good assets at a discount.

Action: This was a discussion item only.

□ 06022025-08 Discussion Item **Trust Administrator Report**

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

Ms. Bortnick presented an oral report on this item. She stated Staff will have the final budget that was submitted to the Board of Supervisors and the RHCTF total expenditures that was requested, previously, at the next SF RHCTF meeting.

Next meeting will be a special Board meeting held on August 25, 2025.

Action: This was a discussion item only.

□ 06022025-09 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 4 PM

Next scheduled meeting is Monday, August 25, 2025 at 1:30pm