



Retiree Health Care Trust Fund Board

BOARD MEETING MINUTES

Monday, February 6, 2017

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

Ed Walsh

Vice President

Katharine Petrucione

Members

Pauline Marx

Clare Murphy

David Salem

Disability Access

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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. Members of the public will have an opportunity to speak on each item on the agenda when public comment is called for that time, before action is taken on any agenda item. In addition, members of the public may comment on any matter within the Board's jurisdiction during general public comment at the end of the meeting. A member of the public has up to three minutes for public comment, unless the chair specifies a different time. Call Maura Lane, Board Secretary, for further assistance at (415) 554-7502 or email at maura.lane@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.

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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/>.

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 City Hall, Room 316, 1 Dr. Carlton B. Goodlett Place, San Francisco, CA 94102; please ask for Maura Lane, 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.

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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: The meeting was called to order at 1:31 p.m.
- Roll Call: **Commissioner Katharine Petrucione**
Commissioner Pauline Marx
Commissioner Clare Murphy
Commissioner David Salem
Commissioner Ed Walsh - absent

- 02062017-01 Action Item **Approval of the Minutes of the November 7, 2016 Board Meeting.**

Documents provided to Board:
Draft Minutes

Moved by Pauline Marx and seconded by Clare Murphy to approve the minutes of the November 7, 2016 meeting.

There were no members of the public present, as noted by Vice President Katharine Petrucione.

Approved by the following vote:

Ayes: Petrucione, Marx, Murphy and Salem
Absent: Walsh

- 02062017-02 Discussion item **Q4 Investment Report.**

Documents provided to Board:
Investment Report from Meketa Investment Group, Investment Consultant

Larry Witt, of Meketa Investments, presented the Q4 2016 Investment Report and reviewed the Trust Fund's performance.

- 02062017-03 Discussion Item **Annual Report of the Trust Fund**

Documents Provided to Board:
CAFR Report for period ending June 30, 2016

Elisa Sullivan, of the Controller's Office, reviewed the report for the period ending June 30, 2016. There were no disbursements from the Trust. Board members requested more information regarding the benefit payments deductions in the report. Ms. Sullivan will

follow up and provide the information requested.

02062017-04

Action Item

Trust Administrator Update

Documents Provided to Board:
Memo from Robert Shaw, CFA, SFERS, regarding the management of Trust assets – potential steps.

Michelle Allersma, of the Controller's Office, reviewed the discussion and recommendations from the November 2016 meeting regarding the transfer of trust administration to SFERS and the recommendation that the Executive Director of SFERS be appointed as the new trust administrator at the May 2017 Board meeting.

Robert Shaw, of SFERS, was introduced. Mika Malone, of Meketa Investment Group, led the discussion on asset classes.

Mr. Shaw recommended that the Retiree Health Care Trust Fund Board authorize staff and consultants to:

1. Make an educational presentation to the Board on the Trust's current and potential asset classes – including a discussion on the risk and reward associated with each; and
2. Prepare and present to the Board an asset allocation study that contemplates new asset classes for the Trust.

The plan is for presentations to take place at the May 2017 meeting, and for approval of the new asset allocation to take place at the August 2017 meeting.

Moved by Clare Murphy and seconded by Katharine Petrucione to adopt Mr. Shaw's recommendation.

Ayes: Marx, Murphy, Petrucione and Salem
Absent: Walsh

02062017-05

Action Item

Opportunity to place items on future board agendas

Documents provided to Board prior to meeting:
None

Board members asked that the following be included in the May 2017 Board meeting discussions:

1. Education about other asset considerations
2. A description of what the pool might look like with 4 new asset classes
3. Examples of “skewness”
4. Next steps for the August and November 2017 meetings that will include a documentation of the decision-making process annually.

02062017-06

Discussion Item

Opportunity for the public to comment on any matters within the Board’s jurisdiction.

There were no members of the public present.

The meeting
adjourned at 2:51
p.m.