



**MINUTES**  
**RETIREE HEALTH TRUST FUND BOARD**  
**CITY AND COUNTY OF SAN FRANCISCO**  
30 Van Ness Avenue, Suite 3000  
San Francisco, CA 94102

**MEETING**  
**WEDNESDAY, DECEMBER 15, 2010**  
**3:00 PM**

**RETIREE HEALTH TRUST FUND BOARD MEMBERS**

Commissioner Connie Hiatt  
Commissioner Pauline Marx  
Commissioner Carol Cypert  
Commissioner Leo Levenson  
Commissioner Edward Walsh

**Pledge of Allegiance**

**Roll Call:**

Connie Hiatt	3:00 PM
Pauline Marx	3:00 PM
Carol Cypert	3:00 PM
Leo Levenson	3:00 PM
Edward Walsh	3:00 PM

**REGULAR CALENDAR**

**1. Election of Interim President Including Designation of Interim Term of Office**

Commissioner Walsh noted that the Board will elect new officers at their July meeting, however due to the resignation of Clare Murphy the Board will need to elect an interim President.

Moved by Commissioner Levenson, Seconded by Commissioner Cypert, to elect Commissioner Walsh as Interim President.

Action: Approved by the following vote:

Ayes: Cypert, Hiatt, Levenson, Marx, Walsh

The Board discussed the rotation of officers between elected and appointed members and recommended consideration of election of a Vice-President at their next regularly scheduled Board meeting.

**2. Approval of the Minutes of the July 8, 2010 Board Meeting**

Moved by Commissioner Marx, seconded by Commissioner Hiatt to Approve the Minutes of the July 8, 2010 Board meeting as amended.

Action: Approved by the following vote:

Ayes: Cypert, Hiatt, Levenson, Marx, Walsh

**3. Overview of the role and responsibilities of the RHTFB**

Erik Rapoport, Deputy City Attorney, presented a written and oral report on this item. Mr. Rapoport reviewed the Charter sections relating to the establishment and responsibilities of the Retiree health Care Trust Fund Board. Section 12.204 of the Charter establishes an irrevocable trust fund to provide for the City's obligation to provide retired employees and their survivors. Additional detail is provided in Internal Revenue Service private letter guidance.

Mr. Rapoport noted that employees hired after January 10, 2009 are required to contribute 2 percent of salary into the Trust Fund towards future retiree health costs; disbursements, other than reasonable administrative costs, may not be made from the Trust Fund prior to January 7, 2015. The amount and frequency of such disbursements shall be made by the Board in consultation with the City's GASB actuaries.

Mr. Rapoport recommended that discussion of the most recent Post Employment Benefits Actuarial Valuation be scheduled for a future meeting; the report is scheduled to be released by the Office of the Controller in December, 2010.

This was a discussion only item.

**4. Designation of Regular Meeting Times**

Erik Rapoport, Deputy City Attorney, presented a written and oral report on this item. The draft bylaws recommend that regular meetings of the Board shall be held on the fourth Monday of July, October, January and April, at 2:00 PM, at 30 Van Ness Avenue, Suite 3000, San Francisco, California.

Commissioner Hiatt recommended, and the Board agreed, to move the start time to 3:00 PM.

The next scheduled meeting will be Monday, January 24<sup>th</sup>, 2011. Mr. Rapoport confirmed that Board members may not designate alternates to sit on the Board in their absence.

This was a discussion only item.

**5. Approval of Trust Fund Agreement establishing the Retiree Health Care Trust Fund with Possible Modifications**

Erik Rapoport, Deputy City Attorney, presented a written and oral report on this item. The draft Trust Fund Agreement was distributed to Board members prior to the meeting. Commissioners Hiatt and Cypert noted that the Board could amend the document after adoption if further changes were required.

Mr. Rapoport will consult with outside counsel regarding the format of the required "consolidated annual report" and the scope of individuals covered by the Trust.

Ms. Cypert noted that it is the responsibility of the Controller's Office to conduct the required GASB audit. Mr. Rapoport will clarify the required frequency of the GASB audit.

Moved by Commissioner Cypert, seconded by Commissioner Hiatt to Approve the Trust Fund Agreement Establishing the Retiree Health Care Trust Fund with Possible Modifications to be made at a Future Meeting

Action: Approved by the following vote:

Ayes: Cypert, Hiatt, Levenson, Marx, Walsh

**6. Appointment of Controller as Trust Fund Administrator**

Erik Rapoport, Deputy City Attorney, presented a written and oral report on this item.

Mr. Rapoport reviewed the duties of the Trust Fund Administrator as specified in the Trust Fund Agreement.

Moved by Commissioner Hiatt, seconded by Commissioner Levenson to Appoint the Controller as Trust Fund Administrator.

Action: Approved by the following vote:

Ayes: Cypert, Hiatt, Levenson, Marx, Walsh

**7. Report on Current Funding Status of RHCTF**

Commissioner Levinson and the Office of the Controller, presented a written and oral report on this item.

The Board engaged in a question and answer session.

This was a discussion only item.

**8. Report on Current Investment Status of RHCTF**

Commissioner Marx presented a written and oral report on this item on behalf of the Office of the Treasurer.

Investments are currently governed by the Treasurer's Investment Policy Statement; copies will be provided to the Board. Most investments are government issued instruments, and all investments have a duration of five years or less. Commissioners Cypert and Hiatt noted that the investments should be entitled as segregated assets.

The Board will discuss investment policy and strategy at a future meeting. Mr. Rapoport recommended an educational presentation on the role of investment managers, investment options, and investment policies.

Mr. Rapoport was asked to clarify with outside counsel the role of the custodian as described in the Trust Agreement.

The Board engaged in a question and answer session.

This was a discussion only item.

**9. Discussion of 2011-2012 RHCTF Budget**

Commissioner Levenson and the Office of the Controller, presented a written and oral report on this item, including an expenditure report for FY 2010-11 and a proposed budget for FY 2011-12.

The Controllers Office will prepare the FY 2011-12 budget for submission in consultation with the Board. The Office of the City Attorney and the Retirement System have not yet submitted invoices for reimbursement of legal and support services provided in FY 2010-11.

The Board discussed the status of the \$1 million in General Fund start up funds originally allocated to the Board; the Controller will confirm whether the funds remain in the General Fund or are now included in the Trust fund assets.

The Board engaged in a question and answer session.

This was a discussion only item.

**10. Discussion and possible action regarding RHCTF Staffing, Expense Processing Governance Policy, Investment Policy Statement and other trust related documents**

The Board discussed educational requirements for Board members and the possible need for a travel budget.

The Controller's Office will consult with the Office of the City Attorney and prepare a budget for review and approval at the March 2011 Board meeting.

This was a discussion only item.

**11. Approval of Proposed Board Bylaws**

Erik Rapoport, Deputy City Attorney, presented written and oral report on this item. The draft Board Bylaws were distributed to Board members prior to the meeting. The Board noted the recommended change in the start time of meetings from 2:00 PM to 3:00 PM.

The Board engaged in a question and answer session.

Moved by Commissioner Cypert, seconded by Commissioner Hiatt to Approve the Proposed Board Bylaws as Amended.

Action: Approved by the following vote:

Ayes: Cypert, Hiatt, Levenson, Marx, Walsh

**12. Opportunity to place items on future Board agendas**

The Board discussed their next meeting date; the next meeting will be Monday, January 24, 2011.

The Board discussed the need for educational sessions for Board members; staff will identify appropriate training activities.

This was a discussion only item.

**13. Opportunity for the public to comment on any matters within the Board's jurisdiction**

Commissioner Walsh reviewed the procedures for public comment; there were no comments from the public.

**14. Adjournment**

There being no further business, the Board adjourned its meeting at 4:45 PM.

Respectfully submitted,

Edward F. Walsh  
President, Retiree Health Care Trust Fund Board