



Minutes

Retiree Health Trust Fund Board
City and County of San Francisco
30 Van Ness Avenue, Suite 3000
San Francisco, CA 94102

Regular Meeting

Monday, January 24th, 2011

3:00 PM

Suite 3000
30 Van Ness Avenue
San Francisco, California 94103

Call to order

Pledge of Allegiance

Roll call:

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

01242011-01 Action item

Election of Interim Vice-President including designation of interim term of office

Norm Nickens, Executive Assistant, noted that this item had been carried over from the previous meeting.

Under the provisions of their By-Laws, the Board elects officers for a one-year term at their July meeting.

Moved by Commissioner Hiatt, Seconded by

Commissioner Walsh to nominate and elect
Commissioner Cypert as Interim Vice-President.

Action: Approved by the following vote:

Ayes: Cypert, Hiatt, Levenson, Marx, Walsh

- 01242011-02 Action item

**Approval of the Minutes of the December 15, 2010
Board Meeting**

Moved by Commissioner Hiatt, Seconded by
Commissioner Levenson to approve the Minutes of the
December 15, 2010 Board meeting.

Action: Approved by the following vote:

Ayes: Cypert, Hiatt, Levenson, Marx, Walsh

- 01242011-03 Discussion item

Report on Current Funding Status of RHCTF

Commissioner Levenson presented an oral and written
report on this item.

Commissioner Levenson presented a summary of
employee and employer contributions to the Trust
Fund, and the status of the initial \$1 million General
Fund allocation from the Board of Supervisors. The
full cost of the GASB 45 Actuarial Report will be
charged to this initial allocation. City Attorney,
outside counsel and other staffing costs have not yet
been received, but will also be charged against the
initial allocation.

Mr. Levenson confirmed that the remaining balance
from the General Fund allocation will be included in
the Trust at the end of the current fiscal year.

Erik Rapoport, Deputy City attorney, noted that the
Laborer's Union had negotiated an MOU that would
include an employee contribution for members hired
prior to January 9, 2009, however the MOU has not
yet been signed and contributions would likely be put
off until the 2012-13 fiscal year.

The Board engaged in a question and answer session.

This was a discussion only item.

- 01242011-04 Discussion item

Report on Current Investment Status of RHCTF

Commissioner Marx presented an oral and written
report on this item.

The Board engaged in a question and answer session.

The Board discussed the Treasurer's Investment Policy
and the need to develop an appropriate investment

horizon for the Trust Fund. Commissioner Hiatt noted that the Board would need expertise from consultants to develop an appropriate Investment Policy for the Trust, and recommended that the Board initiate an educational process for its members.

This was a discussion only item.

- 01242011-05 Discussion

Discussion of 2011-2012 RHCTF Budget

Commissioner Levenson presented an oral and written report on this item.

The Board engaged in a question and answer session.

Mr. Levenson reported that the Controller's Office has developed a draft budget for the 2011-12 fiscal year; the budget will be presented for approval at the Board's April meeting.

The Board requested additional information on educational opportunities. Mr. Nickens agreed to provide the list of educational opportunities provided to the Retirement Board as an informational item in the Board packet.

This was a discussion only item.

- 01242011-06 Discussion

IRS Revenue Ruling 2011-1 regarding whether assets of qualified retirement plans may be pooled with other trust assets

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

The Board engaged in a question and answer session.

Mr. Rapoport noted that the IRS Revenue Ruling would allow for the possibility of establishing a pooled trust to co-invest with the Retirement System. Given the current size of the Trust, this is an issue for future discussion.

Commissioner Walsh recommended that the Board begin discussion of retaining an investment advisor.

This was a discussion only item.

- 01242011-07 Action item

Discussion and possible action regarding RHCTF staffing, expense processing, the City's GASB report, segregation of trust funds, retaining an investment advisor, trust fund annual reporting requirements, independent audit and other trust related administration issues.

Erik Rapoport, Deputy City Attorney, presented an

oral and written report on this item.

The Board engaged in a question and answer session.

Mr. Rapoport reported that he will be discussing the issue of segregation of trust fund assets with outside counsel and will have a report at the next meeting.

In regard to retaining an investment advisor, Mr. Rapoport recommended that the Board consider developing an RFI/RFQ. Staff will have to be identified to draft the RFI/RFQ.

Commissioner Marx noted that the Board could arrange for educational presentations prior to developing an RFI/RFQ, including threshold and duration issues related to developing an investment policy.

Mr. Rapoport confirmed that an annual independent audit is required, and that the Controller's Office could prepare the trust fund annual report if requested.

- 01242011-08 Action item

Opportunity to place items on future Board agendas

None.

- 01242011-09 Discussion item

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

None.

- Adjourned at 4:25, the next Board meeting is Monday, April 25th at 3:00 PM.