



Retiree Health Care Trust Fund Board

BOARD MEETING Minutes

Regular Meeting

Monday, November 2, 2015

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

Ed Walsh

Members

Leo Levenson

Clare Murphy

David Salem

Disability Access

The meeting will be held at SFERS Office, 1145 Market Street, 6th floor, San Francisco, CA 94102. Accessible seating is available for persons with disabilities. To obtain a disability-related modification or accommodation to participate in the meeting, including large print agendas, American Sign Language interpreters, FM sound amplification system and auxiliary aids or services, please contact Maura Lane, Board Secretary, at (415) 554-7502 or by email at maura.lane@sfgov.org at least 48 hours before the meeting, except for Monday meetings, for which the deadline is 4:00 p.m. the previous Friday.

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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. 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 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/>.

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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 - 1:32 p.m.
- Roll Call: **Commissioner Leo Levenson** - absent
Commissioner Pauline Marx
Commissioner Clare Murphy
Commissioner David Salem
Commissioner Ed Walsh

- 11022015-01 Action Item **Approval of the Minutes of the July 24, 2015 Board Meeting.**

Documents provided to Board prior to meeting:
Draft Minutes of the July 24, 2015 Board Meeting

Commissioner Marx asked Erik Rapoport, Deputy City Attorney, for clarification of Item #6 (Trust Fund Investment Schedules) and why it was included in the 11/2/2015 meeting agenda. Mr. Rapoport explained that the matter was finalized at the July meeting.

Moved by Commissioner Walsh, seconded by Commissioner Murphy to approve the minutes of the July 24, 2015 Board meeting as presented.

President Marx called for public comment. There was no public comment.

Approved by the following vote:
Ayes: Marx, Murphy, Salem and Walsh
Absent: Levenson

- 11022015-02 Discussion item **Report on current funding status of RHCTF.**

Documents provided to Board prior to meeting:
RHCTF Status and Budget as of October 13, 2015

Devin Macaulay, of the Controller's Office, presented the report.

Commissioner Walsh asked for clarification of the actuals, projected and total revenue projections. Devin Macaulay clarified and explained the report.

Commissioner Murphy pointed out that the Status and Budget Report is a budget report only

and requested a combined report that also shows assets that are currently with Meketa.

President Marx called for public comment. There was no public comment.

Comment [KP1]: I recommend the minutes show that the Chair affirmatively called for public comment.

- 11022015-03 Discussion item

Report on current investment status of RHCTF.

Documents provided to Board prior to meeting:
Office of the Treasurer & Tax Collector's
Investment Report for September 2015

Commissioner Walsh asked how the various monies could be broken out in the report.

Commissioner Marx responded that the Treasurer's Investment Report is only the Treasurer's Report. The actuals are as of October 13, 2015. The report does not speak as to who owns the money.

President Marx called for public comment. There was no public comment.

- 11022015-04 Discussion Item

Q3 2015 Investment Report

Documents provided to Board prior to meeting:
Investment Report

Larry Witt of Meketa, the Board's Investment Consultant, reviewed the report as of September 30, 2015.

Commissioner Marx asked that the word "confidential" be removed from Page 1 of the report because this is a public record distributed at a public meeting. The report contains a corporate update, executive summary, Trust Summary and Portfolio reviews for the SF Retiree Health Care Trust Fund, and SF Community College District Health Care Trust Fund.

President Marx called for public comment. There was no public comment.

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| 11022015-05 | Discussion item | <p>Presentation on Securities Lending from Meketa</p> <p>Documents provided to Board prior to meeting:
Presentation</p> <p>Larry Witt of Meketa provided a high level overview of securities lending. The presentation included information about the mechanics of securities lending, risks, custom programs and index funds.</p> <p>President Marx called for public comment. There was no public comment.</p> |
| 11022015-06 | Action item | <p>Annual Update and Recommended Amendments to Investment Policy Statement</p> <p>Documents provided to Board prior to meeting:
Proposed Amended Investment Policy Statement</p> <p>Michelle Allersma, Director - Budget and Analysis, provided the annual review and recommended amendments to the Investment Policy Statement.</p> <p>Moved by Commissioner Murphy, seconded by Commissioner Walsh to approve the amendments to the Investment Policy Statement.</p> <p>President Marx called for public comment. There was no public comment.</p> <p>Approved by the following vote:
Ayes: Marx, Murphy, Salem and Walsh
Absent: Levenson</p> |
| □ 11022015-07 | Discussion Item | <p>Trust Administrator Updates</p> <p>Documents provided to Board prior to meeting:
None</p> <p>The Trust Administrator update was provided by Michelle Allersma. In response to questions from the Board regarding the status of Community College contributions, Ms. Allersma said she needs to meet with Community College by the end of the year because she is not getting information from them. More active participation from the Community College is needed. Commissioner Murphy expressed her opinion that the Board should be able to answer questions from anyone about the funds from</p> |

Community College. The lack of information could impact the actuarial report.

President Marx called for public comment. There was no public comment.

11022015-08 Action Item

MOU with SFERS Regarding Technical Assistance to the Board

Documents provided to Board prior to meeting:
Draft MOU

Erik Rapoport, Deputy City Attorney, said the purpose of the MOU with SFERS is to get the technical assistance from SFERS when and as it is needed. Katie Porter was introduced as the new Deputy City Attorney assigned to advise the RHCTF. Katie and her team work advise the Retirement System, and will now also advise the Retiree Health Care Trust Fund and this Board.

Moved by Commissioner Walsh, seconded by Commissioner Salem to approve the MOU with SFERS.

President Marx called for public comment. There was no public comment.

Approved by the following vote:
Ayes: Marx, Murphy, Salem and Walsh
Absent: Levenson

11022015-09 Action Item

Resolution Regarding RHCTF Engagement of Northern Trust Company as Custodian Bank, and Northern Trust Investments, Inc., and BlackRock Institutional Trust Company as Investment Managers.

Documents provided to Board prior to meeting:
Proposed Resolution

Erik Rapoport, Deputy City Attorney, presented the proposed resolution.

Moved by Commissioner Murphy, seconded by Commissioner Walsh, to approve the resolution to engage Northern Trust as Custodian Bank, and Northern Trust Investments, Inc. and BlackRock Institutional Trust Company as investment managers.

President Marx called for public comment. There was no public comment.

Approved by the following vote:
Ayes: Marx, Murphy, Salem and Walsh
Absent: Levenson

□ 11022015-10 Action Item

Approval of Trust Fund investment schedules.

Documents provided to the Board prior to the meeting: Memorandum from staff regarding proposed FY 2015-16 investment schedules

The proposed investment schedule was introduced by Michelle Allersma of the Controller's Office Ms. Allersma reviewed the details of investing according to the SFERS/RHCTF Funding Options Update from the Meketa Investment Group dated July 14, 2015. After much discussion, the Board agreed to adopt Option 4 – invest assets monthly over six months.

Moved by Commissioner Murphy, seconded by Commissioner Walsh, to approve the investment schedule for FY2015-16 to invest assets monthly over a six-month period.

President Marx called for public comment. There was no public comment.

Approved by the following vote:
Ayes: Marx, Murphy, Salem and Walsh
Absent: Levenson

11022015-11 Discussion Item

Opportunity to place items on future Board agendas

Documents provided to Board prior to meeting:
None

The Board reviewed the list developed at the last meeting and found 2 topics still outstanding.

Board members requested that a discussion about insurance coverage for the Board (i.e., Directors and Officers insurance) be placed on a future Board agenda.

President Marx called for public comment. There was no public comment.

11022015-12

General Public Comment

President Marx called for public comment. There was no public comment.

The next meeting is scheduled for January 25, 2016 at 1:30 p.m.

Adjourned at 3:56
p.m.