



# Retiree Health Care Trust Fund Board

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## BOARD MEETING Minutes

### Regular Meeting

**Monday, January 25, 2016 1:30 p.m.**

City and County of San Francisco  
SFERS Office – 1145 Market Street, 6<sup>th</sup> 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, 6<sup>th</sup> 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](mailto: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.

The closest accessible BART Station is Civic Center. 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 at Civic Center Plaza.

**Sensitivity to Chemical-Based Products**

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 Maura Lane, Board Secretary, for further assistance at (415) 554-7502 or email at [maura.lane@sfgov.org](mailto: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.

**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 [sotf@sfgov.org](mailto: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.

**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) 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](http://www.sfgov.org/ethics).

# CALENDAR

□ Call to Order - 1:33 p.m.

□ Roll Call: **Commissioner Leo Levenson  
Commissioner Pauline Marx  
Commissioner Clare Murphy  
Commissioner David Salem  
Commissioner Ed Walsh**

□ 01252016-01      Action Item      **Approval of the Minutes of the November 2, 2015 Board Meeting.**

Documents provided to Board prior to meeting:  
Draft Minutes of the November 2, 2015 Board meeting

Moved by Commissioner Murphy and seconded by Commissioner Walsh to approve the minutes of the November 2, 2015 Board meeting as presented.

President Marx called for public comment. There was no public comment. President Marx noted that there are no members of the public present, and will not ask for public comment unless any members of the public appear at the meeting.

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

□ 01252016-02      Discussion item      **Report on current funding status of RHCTF.**

Documents provided to Board prior to meeting:  
RHCTF Status and Budget as of January 15, 2016

The report was presented by Michelle Allersma of the Controller's Office. The fund is now fully invested. There was a request that Investment Management fees be added as a category of expenses.

□ 01252016-03      Discussion item      **Q4 2015 Investment Report**

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

Mika Malone and Larry Witt, of Meketa, reviewed the report. Meketa suggested adding other investments for diversification and possibly some active managers.

Commissioner Murphy suggested education sessions regarding different asset classes.

- 01252016-04 Discussion Item

**Update on Securities Lending**

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

Larry Witt, of Meketa, the Board's Investment Consultant, provided a securities lending update.

The report contains a summary of the share of assets for lending versus non-lending passive funds as well as a review of the presentation of the key points presented at the November 2, 2015 Board meeting. Meketa recommends that because capital will not be withdrawn for several years, lending funds are reasonable for the RHCTF. Board members requested more educational components at future meetings.

- 01252016-05 Action Item

**Fiduciary Policy Changes**

Documents provided to Board prior to meeting:  
Revised Fiduciary Policy

Katharine Porter, of the City Attorney's Office, reviewed the proposed changes to reflect language in the San Francisco Charter, clean up defined terms, and clarify the Board's delegation of responsibilities.

Moved by Commissioner Walsh and seconded by Commissioner Levenson to accept the changes and approve the revised Fiduciary Policy, which shall be amended to include the word "[and]" in the last sentence of paragraph #3 as follows:

"Subject to the approval of the Board of Supervisors by resolution, the Retiree Health Care Trust Fund Board (Board) may, upon the adoption of a resolution, authorize specific payments for specific amounts enumerated in the resolution [and] shall pay for such administrative costs from the RHCTF."

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

01252016-06 Discussion Item

**Overview of the Affordable Care Act (ACA) Excise Tax**

Documents provided to Board prior to meeting:  
Presentation from Health Service System – ACA Excise Tax in 2018

Catherine Dodd, Director of the Health Services System, presented information about compliance, the Excise Tax starting in 2018 on high-cost employer medical plans and the HSS perspective. Other information included the results of not blending pre-Medicare Retirees and Medicare Retirees, as well as excise tax calculation assumptions.

□ 01252016-07 Discussion Item

**Presentation on Directors and Officers Insurance Coverage**

Documents provided to Board prior to meeting:  
None

Matt Hansen, Director of Risk Management, presented an overview of available D&O insurance coverage. Major Enterprise departments and some of the General Fund departments have D&O coverage, though this is not a matter of course. The Health Service and Retirement System Boards have not separately procured D&O coverage. There was a discussion about indemnification rights and causes of action for insurance needs.

01252016-08 Discussion Item

**Trust Administrator Updates**

Documents provided to Board prior to meeting:  
None

Michelle Allersma, of the Controller's Office, reported that there have not been any additional employee or employer contributions from the Community College District.

01252016-09

Discussion Item

**Opportunity to place items on future agendas**

Documents provided to Board prior to meeting:  
None

Commissioner Murphy asked for a copy of the Retirement System's Service Provider Selection Policy so that the RHCTF Board could review and develop its own policy.

Commissioner Marx asked for the annual report of the trust fund.

□ 01252016-10

Discussion Item

**General Public Comment**

There were no members of the public present.

Adjourned at 3:35  
p.m.