



# Retiree Health Care Trust Fund Board

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## BOARD MEETING MINUTES

Monday, April 22, 2019

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*

**Katharine Petrucione**

*Vice President*

**David Salem**

*Members*

**Pauline Marx**

**Clare Murphy**

**Ed Walsh**

*Trust Administrator*

**Jay Huish**

SFERS Executive Director

## **Disability Access**

The meeting will be held at the SFERS Office, 1145 Market Street, 6<sup>th</sup> floor, San Francisco, CA 94103. The Retiree Health Care Trust Fund Board Meeting Room is wheelchair accessible. Accessible seating is available for persons with disabilities or wheelchairs. The following services are available upon request:

- American Sign Language interpreters will be available upon request.
- A sound enhancement system will be available upon request at the meeting.
- Minutes of the meeting are available in alternative formats.

If you require the use of any of these services, contact Sofia Millham, Board Secretary, at (415) 487-7055 or by email at [sofia.millham@sfgov.org](mailto:sofia.millham@sfgov.org) at least two (2) business days before the meeting.

The closest accessible BART Station is Civic Center, three blocks from City Hall. Use the Market and 8<sup>th</sup> Street exit. 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 of City Hall at Civic Center Plaza adjacent to Davies Hall and the War Memorial Complex.

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 Sofia Millham, Board Secretary, for further assistance at (415) 487-7055 or email at [sofia.millham@sfgov.org](mailto:sofia.millham@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 [sof@sfgov.org](mailto:sof@sfgov.org)

Citizens interested in obtaining a free copy of the Sunshine Ordinance can request a copy from the Clerk of 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/>. To review or obtain meeting documents covered under the Sunshine Ordinance contact Sofia Millham, Board Secretary, SFERS, 1145 Market Street, 5<sup>th</sup> Floor, San Francisco, CA 94103; telephone (415) 487-7055; or send an email with your request to [sofia.millham@sfgov.org](mailto:sofia.millham@sfgov.org).

## **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 SFERS, 1145 Market Street, 5th Floor, San Francisco, CA 94103; please ask for Sofia Millham, 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 -2.160) 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

- **Roll Call:**                   **Call to Order: 1:30 PM**  
Commissioner Petrucione - Present  
Commissioner Salem - Present  
Commissioner Marx - Present  
Commissioner Murphy - Present  
Commissioner Walsh - Present
  
- 04222019-02                                   **General Public Comment**  
  
Commissioner Petrucione noted that there were no members of the public present.
  
- 04222019-03    Action Item               **Approve the Minutes of the February 4, 2019 Special Board Meeting**  
  
Documents provided to Board prior to meeting: February 4, 2019 Draft Minutes  
**Action:** Moved by Commissioner Murphy and seconded by Commissioner Marx to approve the minutes of the February 4, 2019 Special Board Meeting.  
Ayes: Marx, Salem, Petrucione, Murphy and Walsh. Nays: None.
  
- 04222019-04    Action Item               **Approve the Minutes of the February 25, 2019 Special Board Meeting**  
  
Documents provided to Board prior to meeting: February 25, 2019 Draft Minutes  
**Action:** Moved by Commissioner Marx and seconded by Commissioner Salem to approve the minutes of the February 25, 2019 Special Board Meeting.  
Ayes: Marx, Salem, Petrucione, Murphy and Walsh. Nays: None.
  
- 04222019-07    Discussion Item    **Review of the Q1 2019 Performance Report**  
  
Kurt Braitberg, SFERS' Managing Director of Public Markets, requested the Board change the order of the items, hearing Item 7 first.  
Documents provided to Board prior to meeting: Staff Memorandum; Q1 2019 Performance Report  
Paola Nealon, of Meketa Investment Group, presented a written and oral report on this item.  
**Action:** This was a discussion item only.

□ 04222019-06 Discussion Item **Review of RHCTF Accounting Methodology**

Documents provided to Board prior to meeting: Staff Memorandum

Kurt Braitberg, SFERS' Managing Director of Public Markets, introduced this item. Currently, the RHCTF utilizes Northern Trust's Single Pool Plan Allocation method to account for the two Sub-Accounts. This method is based on a relatively simple calculation that utilizes a ratio between the two plans with the ratio adjusting based on new contributions/withdrawals. While simple and cost effective, the Single Pool methodology loses accuracy as the number of asset classes and corresponding managers increase. Accordingly, Staff and Meketa have agreed to move to a Multiple Pool methodology.

Commissioner Murphy asked when the new methodology would go into effect and if there was an advantage to getting this done before fiscal year ends.

Mika Malone, of Meketa Investment Group, stated June 1, 2019 and that there was no issue with waiting, but the sooner the methodology changed happened the better due to the fund split.

Commissioner Petrucione asked if it will be affected by lack of the certainty as to when the Fund receives payments from college district.

Caryn Bortnick, SFERS' Deputy Executive Director, responded that she did not believe so.

Commissioner Marx asked if it would change valuations.

Ms. Malone responded that it does regarding methodology.

Commissioner Salem asked about any fees related to the change.

Ms. Malone reported that they are per pool not per manager and are minimal.

**Action:** This was a discussion item only.

□ 04222019-05 Discussion Item **Asset Allocation Review and Discussion**

Documents provided to Board prior to meeting: Staff Memorandum; Meketa Memorandum

Kurt Braitberg, SFERS' Managing Director of Public Markets, introduced this item.

Mika Malone and Larry Witt, of Meketa Investment Group, presented a written and oral report on this item.

Commissioner Salem asked who does valuations.

Mr. Witt responded that it depends on the asset class.

Commissioner Murphy asked how many firms run fund-of-funds.

Ms. Malone stated that she would get back to the Board with those numbers.

Commissioner Marx asked about the life cycle of these funds.

Commissioner Petrucione asked how fees are structured.

Commissioner Murphy asked if the ten-year projections in the report include only fund-of-funds.

Commissioner Marx asked how the recommendations interact with the long horizon.

Commissioner Murphy asked what the recommendations would be if there was a significant capital market decrease.

Commissioner Petrucione asked that Meketa come back with further information on asset allocation at the next meeting and that the Board would aim to make a decision in the fall.

Kurt Braitberg, SFERS' Managing Director of Public Markets, stated that they will also

discuss risk at the next meeting.

Commissioner Murphy requested that Meketa staff provide information on the asset classes not presented today, and why they were not recommended at this time.

Commissioner Marx requested that the next presentation include a baseline sample pension allocation.

**Action:** This was a discussion item only.

- 04222019-08 Discussion Item **Review Annual Report on Education Activities of the Board**

Documents provided to Board prior to meeting: Staff Memorandum

Commissioner Marx spoke highly of the State Association of County Retirement Systems (SACRS) UC Berkeley Program.

**Action:** This was a discussion item only.

- 04222019-09 Discussion Item **Trust Administrator Report**

Documents provided to Board prior to meeting: Staff Memorandum

Commissioner Murphy asked if the Board should update the Board Operations Policy to a later meeting date to allow for Meketa staff to have enough time to prepare their reports.

Kurt Braitberg, SFERS' Managing Director of Public Markets, stated that the ideal date would be no sooner than six weeks after quarter end.

Ms. Malone, of Meketa Investment Group, stated that the earliest date they would be able to do the reports for the next meeting would be August 12, 2019.

Commissioner Petrucione suggested that the next meeting date be August 19, 2019 and that the Board would update the Board Operations Policy at that time as well.

**Action:** This was a discussion item only.

- 04222019-10 Discussion Item **Board Educational Opportunities**

Documents provided to Board prior to meeting: List of Educational and Training Opportunities from Cortex Applied Research

**Action:** This was a discussion item only.

- 04222019-11 Discussion item **Good of the Order**

RHCTF Board members may request that any matter be calendared at a future meeting. All such requests shall be calendared in a reasonable time. (RHCTF Board Operations Policy ¶17.) The Board will not discuss any items requested to be calendared until a subsequent meeting when the matter is included on the agenda with the required public notice.

**Action:** This was a discussion item only.

- **Adjourn: 3:30 PM**