



Retiree Health Care Trust Fund Board

BOARD MEETING MINUTES

Monday, February 14, 2022

1:00 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

David Salem

Members

Clare Murphy

Katharine Petrucione

Edward Walsh

Trust Administrator

Jay Huish

SFERS Executive Director

Disability Access

The meeting will be held at the SFERS Office, 1145 Market Street, 6th 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 Kelsey Lim, Board Secretary, at (415) 487-7507 or by email at kelsey.lim@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 8th 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 Kelsey Lim, Board Secretary, for further assistance at (415) 487-7507 or email at kelsey.lim@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 kelsey.lim@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 Kelsey Lim, Board Secretary, SFERS, 1145 Market Street, 5th Floor, San Francisco, CA 94103; telephone (415) 487-7507; or send an email with your request to kelsey.lim@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.

CALENDAR

- **Roll Call** **Call to Order: 1:04 PM**
Pauline Marx - Present
Clare Murphy - Present
Katharine Petrucione - Present
David Salem - Present
Ed Walsh – Not Present

- 02142022-02 **Communications & General Public Comment**

Board Secretary, Kelsey Lim, reviewed public comment procedures due to Covid-19 restrictions.

There was no general public comment.

- 02142022-03 Action Item **Approve the Minutes of November 15, 2021 Board Meeting**

Documents provided to Board prior to meeting: November 15, 2021 Draft Minutes
Action: Moved by Commissioner Murphy and seconded by Commissioner Salem to approve the Minutes.

Ayes: Marx, Murphy, Petrucione, Salem Nays: None

- 02142022-04 Action Item **Approve the Minutes of January 24, 2022 Special Board Meeting**

Documents provided to Board prior to meeting: January 24, 2022 Draft Minutes

Commissioner Marx noted that she made the comments on January 25, 2021 during Good of the Order not Commissioner Murphy.
Action: Moved by Commissioner Murphy and seconded by Commissioner Petrucione to approve the Minutes subject to the edit by Commissioner Marx.

Ayes: Marx, Murphy Petrucione, Salem Nays: None

- 02142022-05 Discussion Item **Review Investment Performance as of December 31, 2020**

Documents provided to Board prior to meeting: Staff Memorandum; Meketa Performance Report as of December 31, 2021

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

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

Commissioner Salem asked if the 5% allocation to risk mitigating strategies provided any buffer elsewhere in the portfolio.

Mr. Braitberg responded that the allocation did do it's job to produce a positive return particularly when the stock and bond markets were down.

Commissioner Murphy commented that this is the first time the Board is seeing the effects of the City College District's allocation. The College District should be aware that any returns made in the Trust's allocation during this time will not effect the College District, given the difference between the City Trust's allocation and the College District's allocation amounts.

Commissioner Marx and Commissioner Petrucione supported the idea that the Board provide the City College District with a quarterly or semi annually report representing the College Districts' Sub-Trust allocations so that the College District is aware and not surprised by any amounts or returns.

Caryn Bortnick, SFERS' Deputy Executive Director, said that this report can be done.

Action: This was a discussion item only.

- 02142022-06 Action Item **Approve Proposed Budget FY 2022-2023 and FY 2023-2024**

Documents provided to the Board prior to meeting: Staff Memorandum; Proposed Budget FY 2022-23 and FY 2023-24

Ms. Bortnick presented this item.

Commissioner Marx noted that under membership fees her name is listed under SACRS, but everyone on the Board is a member.

Ms. Bortnick acknowledged that and said she would update that change on the Proposed Budget before submitting.

Commissioner Petrucione raised the issue of the College District's allocation of budget given that it is not investing in private equity.

Ms. Bortnick recommended on keeping the budget as presented because the private equity expenses do not effect the College District.

Jay Huish, SFERS Executive Director, further explained that fees are deducted proportionately. Administration expenses are deducted against a single Trust amount where there are two Sub Trusts. For example, if the total Trust has \$750 million and a Sub Trust has \$20 million the proportion would be \$730 million to the \$20 million. If there are extraordinary expenses, the Board may decide to adopt a policy where it determines which Trust should be responsible for the expense.

Commissioner Petrucione left the meeting at 2:04 PM

Action: Moved by Commissioner Murphy and seconded by Commissioner Salem

Ayes: Marx, Murphy, and Salem Nays: None

- 02142022-07 Discussion Item **Review RHCTF Financial Statements and Required Supplementary Information (Year Ended June 30, 2021)**

Documents provided to the Board prior to meeting: Staff Memorandum; MGO Financial Statements and Required Supplementary Information (Year Ended June 30, 2021)

Caryn Bortnick, SFERS' Deputy Executive Director, presented this item.

Commissioner Murphy asked if the City College District receives a copy of the MGO Financials and do they receive counsel.

Ms. Bortnick answered that the City College District does receive a copy, but cannot say if they receive counsel.

Commissioner Murphy highlighted page five of the Financial Statements noting there is a reoccurring deduction of \$227 million which contradicts the above paragraph. She requested a breakdown of the accounting of Employee and Employer contributions.

Ms. Bortnick, replied that she could get clarification on this and present at the next meeting.

Commissioner Murphy requested a one page report on just RHCTF's amount of assets the Trust had at June 30, 2021.

The Board recognized that the MGO Financial Statements cater more towards the City's agenda rather than a report on what pertains to the Trust.

Mr. Huish reaffirmed that the Trust and the Board is responsible for the Employee and Employer contributions. At the time this report closed there were no Employee or Employer contributions to report.

Commissioner Marx requested that the Board receive an informal report that shows Trust assets and expenses as known.

Action: This was a discussion item only.

02012021-08 Discussion Item **Trust Administrator Report**

Documents provided to the Board prior to meeting: Staff Memorandum

Caryn Bornick, SFERS' Deputy Executive Director, presented this item. She noted that the next meeting will likely be in person but will let the Board know more as the date approaches.

Action: This was a discussion item only.

02012021-09 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.

Adjourned at 2:34 PM

Next regularly scheduled meeting is Monday, May 23, 2022