



# Retiree Health Care Trust Fund Board

## BOARD MEETING MINUTES

Monday, August 15, 2022

1:00 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*

**David Salem**

*Members*

**Clare Murphy**

**Katharine Petrucione**

**Edward Walsh**

*Trust Administrator*

**Alison Romano**

## **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 Kelsey Lim, Board Secretary, at (415) 487-7507 or by email at [kelsey.lim@sfgov.org](mailto: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 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 Kelsey Lim, Board Secretary, for further assistance at (415) 487-7507 or email at [kelsey.lim@sfgov.org](mailto: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](mailto: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, 5<sup>th</sup> Floor, San Francisco, CA 94103; telephone (415) 487-7507; or send an email with your request to [kelsey.lim@sfgov.org](mailto: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](http://www.sfgov.org/ethics).

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to support the resources it needs, attract and retain investment talent, and effectively implement their strategies.

Ms. Malone, continued, that in terms of SF RHCTF being lost in the shuffle or being a meaningful client, the Board should consider the assets of the underlying strategy rather than the assets of the firm as a whole.

Mr. Braitberg added that while Wellington's approach of having analysts manage the portfolio is differentiated, it is not to say that they are inexperienced. The analysts managing the strategy have an average of over twenty years of experience.

Commissioner Marx noted that the management of the fund is a closed fund. She asked how they picked SF RHCTF as a client.

Mr. Braitberg noted that the SF RHCTF was able to secure capacity due to Wellington's existing relationships with both SFERS and Meketa. Also, markets were down at the time, so Wellington had more of a capacity to take SF RHCTF as a client.

Commissioner Marx noted the analysis on page 28 stated 25 million. Does Meketa recommend this round number or is this to cash in exposure on the Russell 2000.

Ms. Malone responded that the intent is to liquidate the Russell 2000 strategy and use those funds towards the Wellington strategy.

Mr. Braitberg clarified that the recommendation is to redeem exposure from the passive fund and use those proceeds to fund Wellington.

Commissioner Petrucione asked what the timeline would be for this transition.

Mr. Braitberg responded that there is not a specific timeline at the moment. However, the transition could be completed by the next SF RHCTF Board meeting in November.

**Action:** Moved by Commissioner Murphy and seconded by Commissioner Salem to approve the Small Cap Core Recommendation

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

□ 08152022-06    Discussion Item    **Quarterly Review of Retiree Health Care Trust Fund Performance as of June 30, 2022**

Documents provided to the Board prior to meeting: Staff Memorandum; Meketa Quarterly Performance Report as of June 30, 2022

Mr. Braiberg introduced this item.

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

Commissioner Salem questioned how the Board verifies the percentages and numbers presented in the report if the numbers are given to Meketa by the Managers.

Ms. Nealon responded that Meketa does rely on the Managers' statements to receive those numbers. At the end of the year, there is a more formal evaluation in the verification of those numbers.

Ms. Malone added that once a year, in Private Equity, the Managers are required to have their numbers audited by a third party to get a fair market value.

Commissioner Marx asked if Meketa could compare SF RHCTF losses to other peer groups.

Ms. Malone reminded the Board that although this Trust is technically a Healthcare Trust Fund, it

does not invest like most other more conservative Health Care Trusts. In comparison to other Healthcare Trusts, SF RHCTF looks worse because it has equity expense that are wholly bond funds, but over the past five years, SF RHCTF looks much better. In peer groups of Trust Funds over 50 million, SF RHCTF had a return of -10.8% which ranked in the 77<sup>th</sup> percentile. In the five year structure, SF RHCTF had a return of 5.4%, which is in the 43<sup>rd</sup> percentile.

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

- 08152022-07 Action Item **Review and Approve Resolution Regarding San Francisco Retiree Health Care Trust Fund Delegation of Executory Authority**

Documents provided to the Board prior to meeting: Staff Memorandum; Resolution Regarding San Francisco Retiree Health Care Trust Fund Delegation of Executory Authority

Caryn Bortnick, Chief Operating Officer, introduced this item.

Action: Moved by Commissioner Murphy and seconded by Commissioner Petrucione to approve Resolution Regarding San Francisco Retiree Health Care Trust Fund Delegation of Executory Authority

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

- 08152022-08 Action Item **Review and Approve Resolution Regarding San Francisco Retiree Health Care Trust Fund Delegation of ~~Investment Authority~~ of Authority for Cash Transfers and Payments**

Documents provided to the Board prior to meeting: Staff Memorandum; Resolution Regarding San Francisco Retiree Health Care Trust Fund Delegation ~~of Investment Authority~~ of Authority for Cash Transfers and Payments

Caryn Bortnick, Chief Operating Officer, introduced this item.

Action: Moved by Commissioner Petrucione and seconded by Commissioner Salem to approve Resolution Regarding San Francisco Retiree Health Care Trust Fund Delegation ~~of Investment Authority~~ of Authority for Cash Transfers and Payments

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

- 08152022-09 Action Item **Review and Approve Resolution Regarding San Francisco Retiree Health Care Trust Fund Delegation of Trading Authority**

Documents provided to the Board prior to meeting: Staff Memorandum; Resolution Regarding San Francisco Retiree Health Care Trust Fund Delegation of Trading Authority

Caryn Bortnick, Chief Operating Officer, introduced this item.

Action: Moved by Commissioner Petrucione and seconded by Commissioner Murphy to approve Resolution Regarding San Francisco Retiree Health Care Trust Fund Delegation of Trading Authority

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

- 08152022-10 Action Item **Review and Approval of Resolution Regarding San Francisco Retiree Health Care Trust Fund Delegation of**

## Investment Authority

Documents provided to the Board prior to meeting: Staff Memorandum; Resolution Regarding San Francisco Retiree Health Care Trust Fund Delegation of Investment Authority

Caryn Bortnick, Chief Operating Officer, introduced this item.

Action: Moved by Commissioner Murphy and seconded by Commissioner Salem to approve Resolution Regarding San Francisco Retiree Health Care Trust Fund Delegation of Investment Authority

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

- 08152022-11    Action Item            **Review and Approve Updates to San Francisco Retiree Health Care Trust Fund Board Policy Manual**

Documents provided to the Board prior to meeting: Staff Memorandum; San Francisco Retiree Health Care Trust Fund Board Policy Manual

Caryn Bortnick, Chief Operating Officer, introduced this item.

Action: Moved by Commissioner Murphy and seconded by Commissioner Salem to approve Updates to San Francisco Retiree Health Care Trust Fund Board Policy Manual

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

- 08152022-12    Discussion Item    **Trust Administrator Report**

Documents provided to the Board prior to meeting: Staff Memorandum; Cortex Report

Caryn Bortnick, Chief Operating Officer, introduced this item.

Commissioner Murphy asked if there were audits to help clarify SF City College District's (CCD) financial intentions.

Ms. Bortnick replied that she would ask for CCD's annual report, but in the past that has not been presented to the Board.

Action: This was a discussion item only.

- 08152022-13    Action Item            **Election of Board President**

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

Caryn Bortnick, Chief Operating Officer, introduced this item.

Action: Moved by Commissioner Petrucione and seconded by Commissioner Murphy to elect David Salem as Board President

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

- 08152022-14    Action Item            **Election of Board Vice President**

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

Caryn Bortnick, Chief Operating Officer, introduced this item.

Action: Moved by Commissioner Salem and seconded by Commissioner Marx to elect Katharine Petrucione as Board Vice President.

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

□ 08152022-15      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.

Commissioner Marx asked the Board to review the MGO audit and let her know if there are any questions.

Action: This was a discussion item only.

**Adjourned at 2:42 PM**

Next regularly scheduled meeting is Monday, August 21, 2022