I. Call to Order & Introductions

Debra Newman, chair, called the meeting to order at 5:37 p.m. and introductions were made.

II. Public Input – There was no public input.

III. Consent Items

A. Approval of Revised Agenda

M/S/C (G. Stevens/D. Becerra) To approve the revised agenda as presented.

B. Approval of Minutes of the July 25th Meeting

M/S/C (G. Stevens/D. Becerra) To approve the minutes as presented.

IV. Committee Business

A. HighMark Capital Report: Statement of Current Trust Value

Anne provided copies of HighMark Capital’s quarterly report on the activity of the center’s PRMT and reviewed it with them. The report began with a look at the current financial environment, including economic conditions, interest rates/inflation, and outlook. This was followed by the asset allocation summary, holdings report by asset class, selected period performance, and economic data charts. As of September 30, 2018, the value of the trust assets was $24,801,108,
an increase of $320,737 since the last quarterly report. The rate of return for the quarter was 2.84% (net of fees) and for the last 12 months was 6.47% (net of fees). The annualized rate of return since the trust’s inception (November 1, 2004) was 6.16% (gross of fees).

Unfortunately, the value of the trust assets as of October 26, 2018 was $23,359,646, a decrease of $1,441,462 since the end of September. The decrease was due to losses in investments. This month was the worst-performing October in years for the stock market, with investors worried about rising interest rates, possible trade war, slowing Chinese economy, and other geopolitical concerns. Tim agreed with Anne that these types of corrections are expected to occur from time to time and we haven’t had such a correction during this current bullish market cycle.

B. Quarterly PRMT Market Value History Report

Kim provided copies of the report which reported the trust’s market value for each quarter since its inception in September 2004 through September 30, 2018. During this period of time, the center has contributed $15,375,148 to the trust (including fees), which has gained $9,378,971 in interest for a total trust value of $24,754,120. Kim also provided the committee with a report on the dates and amounts of all the contributions the center has made since the inception of the trust.

C. Quarterly PRMT Fees Report

Kim provided copies of a report which showed the breakdown of the fees paid by the center to oversee the PRMT. For the first quarter of this fiscal year, the center paid $8,062 in ongoing fees and $20,589 in investment management fees for a total of $28,651. Attached to the report was an explanation of the trust fees and how they are calculated.

D. Contribution to CalPERS

After completing an analysis, Vini reported that the center has about $2.3 million of FY 2016-17 operations funding to contribute towards either our unfunded CalPERS retirement liability or our unfunded retiree health care liability. It was explained that the CalPERS unfunded retirement liability amount is a contractual amount that must be paid by the center to CalPERS; whereas contributions to the PRMT may be managed by the center. Given this information, it was recommended that the center make a contribution to the CalPERS unfunded
retirement liability to reduce the center’s future obligations and impact to our future operations budget. The committee agreed with the recommendation to use the funds to reduce the center’s CalPERS unfunded retirement liability.

V. Board Meeting Agenda Items

The following items were identified for the committee’s section of the November 14th board meeting:

A. Minutes of the October 30th Meeting
B. Statement on Current Trust Value
C. Contribution to CalPERS

VI. Announcements/Information/Public Input

A. Regulatory Changes: Tim explained the ‘enhancements’ to the regulatory environment that all financial institutions must adhere to as an extension of the U.S. Patriot Act. The regulations now call for financial institutions to comply with Anti-Money Laundering (AML), Customer Identification Program (CIP), Know Your Customer (KYC) along with several others. As such, U.S. Bank must collect some documentation including, but not limited to, a beneficial owner certification and a W-9 form for the trust before the December 31, 2018 deadline.

Action: Tim will send the needed documents to Kim for her completion.

B. Next Meeting: Wednesday, January 30th, at 5:30 p.m.

VII. Adjournment

Debra adjourned the meeting at 6:08 p.m.

Submitted by,

Jennifer Kaiser
Jennifer Kaiser
Executive Assistant

[prmt.oct30.2018]