

North Los Angeles County Regional Center
Post-Retirement Medical Trust Committee
Meeting Minutes
July 31, 2019

Present: Manuel Alfaro, Elena Burnett, Kim Rolfes, and Ruth Janka – Committee Members
Anne Wimmer – HighMark Capital Representative
Jennifer Kaiser, Vini Montague, and Jesse Weller – Staff Members

Absent: All present

I. Call to Order & Introductions

Elena Burnett, chair, called the meeting to order at 5:41p.m. and introductions were made.

II. Public Input – There was no public input.

III. Consent Items

A. Approval of Revised Agenda

M/S/C (M. Alfaro/K. Rolfes) To approve the revised agenda as presented.

B. Approval of Minutes of the April 24th Meeting

M/S/C (M. Alfaro/K. Rolfes) To approve the minutes as presented.

IV. Committee Business

A. Annual Committee Orientation

1. Policies & Procedures

Copies of the committee's policies and procedures were provided and Kim reviewed them with the committee. The policies and procedures are reviewed each year so the committee members understand the purpose of the committee and their role as a committee member.

2. Meeting Schedule

Copies of the meeting schedule were provided. The committee is scheduled to meet 4 times this fiscal year on the following dates:

- Wednesday, July 31, 2019
- Wednesday, October 30, 2019
- Wednesday, January 29, 2020
- Wednesday, April 29, 2020

The meetings will be held from 5:30 to 6:15 p.m.

B. 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 June 30, 2019, the value of the trust assets was \$25,409,272, an increase of \$2,657,045 since the last quarterly report. The increase was due to a gain in investments and a contribution of \$55,146. The rate of return for the quarter was 2.82 (net of fees) and for the last 6 months was 11.43 (net of fees). The annualized rate of return since the trust's inception (November 1, 2004) was 6.01% (gross of fees).

1. Review of PRMT Investment Objectives

The trust's investment strategy, since its inception, has been to use a balanced portfolio. Anne reported that this type of strategy is typical for this type of trust. It is always a trade-off between risk and return when selecting an investment strategy. A balanced portfolio is reasonable for a long-term investment. After discussion, the committee decided that they wanted to continue using the balanced portfolio strategy to remain somewhat cautious of investments while being good stewards of public funds.

2. US Bank PRMT Report, dated June 30, 2019

The center received a letter from US Bank stating that they have reviewed the portfolio's asset allocation and diversification and find that it is appropriate invested based on the following characteristics:

- Return objective: moderate growth and moderate income
- Risk tolerance: moderate
- Time horizon: 6-9 years or more
- Liquidity and income needs: moderate
- Tax situation: taxable
- Account type: non-qualified plan - trustee

Copies of the letter were provided to the committee.

3. Discussion re: Unfunded Accrued Liability (UAL) for Employee Retirement Benefits

Kim would like to start a trust fund for the CalPERS unfunded liability.

Action: Kim will provide more information about this at the next quarterly PRMT meeting.

C. 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 June 30, 2019. During this period of time, the center has contributed \$15,458,945 to the trust (including fees), which has gained \$9,948,825 in interest for a total trust value of \$25,407,770. 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. The center's full obligation of the trust, at this point, is \$46.4 million. If you deduct the amount currently in the trust, the unfunded liability drops to \$21 million.

D. Quarterly PRMT Fees Report - Deferred

V. **Board Meeting Agenda Items**

The following items were identified for the committee's section of the August 14th board meeting agenda:

- A. Minutes of the July 31st Meeting
- B. Statement on Current Trust Value
- C. Approval to Continue Trust Investment Strategy

VI. Announcements/Information/Public Input

- A. Next Meeting: Wednesday, October 30th, at 5:30 p.m.

VII. Adjournment

Elena adjourned the meeting at 6:23 p.m.

Submitted by,

Jennifer Kaiser

Jennifer Kaiser
Executive Assistant

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