

North Los Angeles County Regional Center
Post-Retirement Medical Trust Committee
Meeting Minutes
October 27, 2021

Present: Committee Members: Lety Garcia, Ruth Janka, Kim Rolfes, Ana Quiles, and Jeremy Sunderland – Committee Members

HighMark Capital Representative: Anne Wimmer

US Bank Representative: Tim Banach

Staff Members: Michele Marra, Alan Darby Vini Montague, Jesse Weller, Liliana Windover and Cheryl Blizin

Interpreters: Shelly Hash, Lucy Paz

Meeting Minutes: Mike S., Minutes Services

Absent: No absences

I. Call to Order & Introductions

The meeting was called to order at 5:31 p.m. noting that a quorum established

II. Public Input

It was reported that the Center hired a minute meeting taker to support the committee with meeting minutes.

III. Consent Items

A. Approval of Agenda

M/S/C (J. Sunderland/K. Rolfes) Passed with unanimous consent to approve the agenda.

B. Approval of Minutes from the July 28th Meeting

M/S/C (J. Sunderland with an amendment to the July 28th meeting minutes reporting that the Board President was present during the PRMT Committee meeting / A. Quiles) Passed with unanimous consent to approve the minutes as revised.

IV. Committee Business

A. HighMark Capital Report: Statement of Current Post Retirement Medical Trust (PRMT) Trust Value and Investment Strategy

The HighMark report began with a review of the current financial environment, which included a summary of the current economic conditions, interest rates/inflation, and outlook. This overview was followed by a review of the PRMT asset allocation summary as of 10/20/2021, holdings by asset class, and the selected period performance ending 09/30/2021. As of October 20, 2021, the market value of the trust assets was \$33,131,101, a decrease by (\$330,103) since the last report dated July 22, 2021. The decrease was due to some losses in investments. The average annualized rate of return (gross of fees) since inception thru 09/30/2021 is 6.68%. The rate of return (net of fees) for the past one year is 17.95%. It was reported that although there was a slight drop in the market, the market is continuing to grow. The market had dropped due to concerns about the delta variant; and is now recovering.

B. HighMark Capital Report: Statement of Current CalPERS Unfunded Liability Trust (“UAL”) Value and Investment Strategy

The HighMark report began with a review of the UAL asset allocation summary as of October 20, 2021, holdings by asset class, and the selected period performance ending 09/30/2021. As of October 20, 2021, the market value of the trust assets was \$4,469,426, a decrease by (\$297,979) since the last report dated July 22, 2021. The decrease was due to a disbursement to CalPERS in the amount of \$252,368 and some losses in investments. The average annualized rate of return (gross of fees) since inception thru 09/30/2021 is 10.54%. The rate of return (net of fees) since inception thru 09/30/2021 is 10.25%. The rate of return (net of fees) for the past one year is 10.45%.

Discussion was held regarding the various information reported on the Selected Period Performance report. An inquiry was made as to whether the investments were presented in a blended fund mix. It was reported that the data is not presented in this matter; however, Anne would explore this option.

Action: Anne to explore a blended fund option and report back to the PRMT Committee regarding this option.

C. HighMark Capital Report: Review of Economic Charts

The HighMark report included a review of graphs reporting the historical economic changes for Gross Domestic Product (GDP), US Personal Consumption Expenditures, Real Capital Spending, Real Federal Government Purchases, US Consumer Price Index (CPI) Urban Consumers Less Food and Energy, US Consumer Price Index (CPI) Urban Consumers, and US Unemployment Rate, US Treasury Rates.

D. NLACRC's Quarterly PRMT Market Value History Report

The report of the PRMT's market value for each quarter since its inception in September 2004 was reviewed with the Committee. The report shows the market value, the total amount of NLACRC contributions to the PRMT, the total amount of the fees reimbursed to the PRMT, Cumulative contributions, and the change in market value since the inception of the PRMT. As of September 30, 2021, the market value of the PRMT is \$32,220,586.00.

It was reported that the Center is in the process of contributing funds to the PRMT to replace the fees charged by US Bank for the quarter ended 06/30/2021.

E. NLACRC's Quarterly CalPERS Unfunded Accrued Liability (UAL) Trust Value

The report of the UAL's market value for each quarter since its inception in January 2020 was reviewed with the Committee. The report shows the market value, the total amount of NLACRC contributions to the UAL, the total amount of the fees reimbursed to the UAL, One-Time Disbursements to CalPERS, Cumulative Contributions and Disbursements, and the change in

market value since the inception of the UAL. As of September 30, 2021, the market value of the UAL is \$4,389,013.29.

It was reported that the Center is in the process of preparing check requests to contribute funds to the UAL to replace the fees charged by US Bank for the quarter ended 06/30/2021 to the UAL and the disbursement to CalPERS in the amount of \$252,368. Additionally, it was reported that the Board of Trustees approved a contribution from FY2020 and from FY2021 to be directed to the UAL. It is estimated that the FY2020 contribution will be \$3 million and the FY2021 contribution will be \$2 million for which the Center plans to disburse to the UAL. The committee will receive an update at the next PRMT Committee of the contributions actually made to the UAL from FY2020 and FY2021.

F. US Bank Acquisition of MUFG Union Bank

It was reported that U.S. Bank has entered into a definitive agreement to acquire MUFG Union Bank's core regional banking franchise (including Highmark Capital Management) from Mitsubishi UFJ Financial Group. The transaction is expected to close in the first half of 2022 with the transition of client accounts to begin sometime thereafter. It was reported that there will be no changes in trustee fees charged for the PRMT or UAL.

V. Board Meeting Agenda Items

The following items were identified for the PRMT's section of the August 11th board meeting agenda:

- A. Minutes of the October 27th Meeting
- B. Statement of Current PRMT Trust Value
- C. Statement of Current CalPERS UAL Trust Value

VI. Announcements/Information/Public Input

Anne shared with the committee that it was Kim's last meeting and Kim was acknowledged.

VII. Next Meeting

Wednesday, January 26th, at 5:30 p.m.

VIII. Adjournment

Ana Quiles adjourned the meeting at 6:27 p.m.

Submitted by,

Cheryl Blizin, edited from Minutes Services' original submission.

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