

North Los Angeles County Regional Center
Post-Retirement Medical Trust Committee Meeting Minutes
October 24, 2012

Present: Yolanda Bosch, Craig Girard, and Kim Rolfes – Committee Members
Anne Wimmer and Tessie Powers (via teleconference) – Union Bank
Representatives
Diane Ambrose, Jennifer Kaiser, Michele Marra, and Vini Montague – Staff
Members

Absent: Eric Leh and George Stevens

I. Call to Order & Introductions

The meeting was called to order by Yolanda Bosch, chair, at 5:37 p.m.

II. Public Input – There was no public input.

III. Consent Items

A. Approval of Agenda

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

B. Approval of Minutes of July 25th Meeting

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

IV. Committee Business

A. Committee Action Log from FY 2011-12

Copies of the committee's action log from last fiscal year were provided to everyone present. The committee took 6 actions last fiscal year.

B. Union Bank Report: Statement on Current Trust Value

Anne provided everyone with copies of Union Bank's quarterly report on the activity of the center's PRMT and reviewed it with them. The report began with a financial outlook on economic conditions, interest rates/inflation, and key concerns. The financial outlook was followed by the investment portfolio

summary, selected period performance, asset allocation summary, strategic asset allocation, and HighMark's investment objectives and their strategic ranges. The report's appendix included graphs from 2002 to present on real gross domestic product, consumer spending, capital spending, federal government purchases, CPI core, CPI, the unemployment rate, and treasury yield curves.

The value of the trust assets as of October 19, 2012 was \$11,004,605 an increase of \$445,915 since the last quarterly report. The rate of return for the quarter ending September 30, 2012 was 4.00%, the rate of return for the previous 12 months was 17.32%, and the annualized rate of return since the trust's inception, 95 months ago, was 4.86% (all net of fees).

Annually, the committee reviews the investment strategy by Highmark to ensure the investment strategy is in line with the center's long term goals. Anne reviewed the current investment strategy with the committee. Currently, Highmark is utilizing a "balanced" investment strategy to invest the PRMT funds. Anne reviewed the current strategy with the committee and also shared other types of investment strategies and the risk associated with each of the other strategies. Anne reported that a balanced objective is very typical for long-term portfolios like the center's PRMT. The committee members agreed that the center should continue with the balanced investment strategy.

Tessie announced that the PRMT trust conversion from Union Bank to U.S. Bank was completed in September. It was a seamless transition.

Kim announced that due to new changes in the economic assumptions our actuary has determined that NLACRC's unfunded liability for retiree healthcare premiums has increased by \$9,020,743 as of June 30, 2012 (from \$16,458,824 to \$25,479,567). This same information will be reflected in our financial statements for FY 2011-12.

Michele stated that she just got back from a Public Employees' Retirement System (PERS) conference where they talked about how the new pension reforms could affect PERS members. The center had offered employees retirement 2% at 50 years, but that was increased to 2% at 60 years. The new pension reform may have us increase it to 2% at 62 years. More information to come as it becomes available.

C. Quarterly PRMT Market Value History Report

Kim provided copies of the report to everyone present which showed the trust's market value for each quarter since its inception in September 2004 to September 30, 2012. During that time, the center made \$8,865,179.00 in contributions to the trust and \$2,129,580.59 in interest and financial gains have been made for a total trust value of \$10,994,759.59. The center has paid \$169,658.57 in trust-related fees since inception.

Kim also announced that the center might have another \$100,000 contribution for the PRMT out of FY 2010-11 as a result of the administrative fees we will be receiving as a result of the Intermediate Care Facility/State Plan Amendment (ICF/SPA) billing.

V. Board Meeting Agenda Items

The following items will be added to the board meeting agenda:

- A. Minutes of October 24th Meeting
- B. Statement on Current Trust Value

Yolanda will report to the board that the committee is going to keep the same investment strategy for the PRMT this fiscal year (balanced).

VI. Next Meeting

- A. Next Meeting: Wednesday, January 30, 2013, at 5:30 p.m.

VII. Adjournment

Yolanda adjourned the meeting at 6:11 p.m.

Submitted by,

Jennifer Kaiser

Jennifer Kaiser
Executive Assistant

