

North Los Angeles County Regional Center  
**Post-Retirement Medical Trust Committee Meeting Minutes**  
July 31, 2013

**Present:** Jenean Glover, Eric Leh, Meredith Rimmer, and Kim Rolfes – Committee Members  
Anne Wimmer – HighMark Capital Representative  
Tim Banach – U.S. Bank Representative (via teleconference)  
Diane Ambrose, John Doeblor, Jennifer Kaiser, Michele Marra, and Vini Montague – Staff Members

**Absent:** George Stevens

---

**I. Call to Order & Introductions**

The meeting was called to order by Eric Leh, chair, at 5:33 p.m.

**II. Public Input** – There was no public input.

**III. Consent Items**

A. Approval of Agenda

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

B. Approval of Minutes of April 24<sup>th</sup> Meeting

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

**IV. Committee Business**

A. Annual Committee Orientation (Review Policies and Procedures)

Copies of the policies and procedures were provided and Kim reviewed the information with them. The purpose of the committee is to oversee the PRMT. The PRMT was established to cover the costs of our retirees' health care.

B. Committee Meeting Schedule for FY 2013-14

The committee is scheduled to meet on a quarterly basis, from 5:30 to 6:15 p.m., on the following dates this fiscal year:

1. Wednesday, July 31, 2013
2. Wednesday, October 30, 2013
3. Wednesday, January 29, 2014
4. Wednesday, April 30, 2014

C. Committee's FY 2012-13 Action Log

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

D. HighMark Capital Report: Statement on Current Trust Value

Anne provided everyone with 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 key concerns. This was followed by the investment portfolio summary, selected period performance, asset allocation summary, and strategic asset allocation (efficient frontier). Also included in the quarterly report were 2 graphs related to the inflation rate of medical costs (which was discussed under item IV.D.2. below). The report's appendix included graphs from 2003 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 July 26, 2013, was \$13,278,091, an increase of \$467,016 since the last quarterly report (which includes a contribution that the center made on May 8<sup>th</sup> in the amount of \$14,100). The rate of return for the quarter ending June 30, 2013 was 0.3%, the rate of return for the previous 12 months was 10.67%, and the annualized rate of return since the trust's inception, 104 months ago, was 5.54%.

In our actuarial valuation report, dated July 1, 2011, J. Richard Hogue assumes a 7% long-term rate of return on plan assets.

Kim questioned why the report did not include the figures net of fees as previous reports had. Anne explained that with the transition from Union Bank to U.S. Bank, she no longer has access to those numbers.

**Action:** Anne will discuss this issue with Tim Banach and Tessie Powers to find out if there is a way she can include the figures, net of fees, in the future quarterly reports.

**Action:** Anne will forward a copy of the Highmark quarterly report to Tim Banach.

1. Review Investment Objectives and Strategy

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 fairly typical for long-term portfolios like the center's PRMT.

**M/S/C** (E. Leh/M. Rimmer) To continue using that the balanced investment strategy for the center's PRMT this fiscal year.

2. Inflationary Cost of Health Care

At the last PRMT meeting, George asked Anne to find out what the inflationary cost of health care was. Anne found out and included 2 graphs in her quarterly that address this issue. The graphs showed that medical costs have significantly outpaced inflation: since 1982, the cost of medical care has nearly quadrupled, while the overall cost of living merely doubled. Anne added that the implementation of President Obama's health care initiative may have an impact on this.

E. New Quarterly U.S. Bank Report

At the last PRMT meeting, Tim was asked to present a new report to the committee that would contain information based only on the previous quarter (currently, the reports include up-to-date information). Tim did not prepare the report, but after discussion, the committee decided that they would like to continue receiving up-to-date information rather than limiting it to the previous quarter.

F. 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 June 30,

2013. During that time, the center made \$9,974,279.00 in contributions to the trust and \$2,808,590.51 in interest and financial gains have been made for a total trust value of \$12,782,869.51. The center has paid \$183,625.21 in trust-related fees since inception.

**V. Board Meeting Agenda Items**

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

- A. Minutes of July 31<sup>st</sup> Meeting
- B. Statement on Current Trust Value

**VI. Announcements/Information/Public Input**

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

**VII. Adjournment**

Eric adjourned the meeting at 6:18 p.m.

Submitted by,

*Jennifer Kaiser*

Jennifer Kaiser  
Executive Assistant

[prmt,jul31.2013]

