

North Los Angeles County Regional Center
Post-Retirement Medical Trust Committee
Meeting Minutes
January 25, 2017

Present: Dan Becerra, Lou Paparozzi, Kim Rolfes, and George Stevens – Committee Members
Todd Withers – Board Member
Anne Wimmer – HighMark Capital Representative
Tim Banach – U.S. Bank Representative
Diane Ambrose, Jennifer Kaiser, Michele Marra, and Vini Montague – Staff Members

Absent: Bridget Moss

I. Call to Order & Introductions

Lou Paparozzi, chair, called the meeting to order at 5:30 p.m. 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 October 26th Meeting

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

IV. Committee Business

A. HighMark Capital Report: Statement of 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 outlook. This was followed by the asset allocation summary, holdings reports by asset class, selected period performance, and economic data charts. The value of the trust assets as of January 24, 2017 was

\$20,481,132, an increase of \$19,823,875 since the last quarterly report. The increase was due to a gain in investments in the amount of \$633,512 and a contribution made by the center in the amount of \$23,745. The rate of return for the quarter was 1.18% (net of fees). The annualized rate of return since the trust's inception, 146 months ago, was 5.77% (gross of fees).

Kim reported that our actuary will be coming to the next PRMT meeting to discuss the services that he provides. Kim added that the center will be able to contribute \$824,145 to the PRMT this quarter.

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 December 31, 2016. During this period of time, the center has contributed \$14,845,665 to the trust (in contributions and fees) and the trust has gained \$5,371,931 through investments, for a total trust value of \$20,217,596. 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. Proposed Change to PRMT Policy & Procedures

The center is part of the California Public Employees' Retirement System (CalPERS) which has announced that they have fallen short of their projected earnings. As such, the employer contributions will increase to cover this shortfall, which will continue to grow over the next several years. The center's CalPERS Annual Valuation Report, dated August 2016, reports that NLACRC will begin to have an unfunded liability beginning in FY 2017-18. In FY 2017-18, the center is required to pay CalPERS a lump sum of \$56,414, in addition to its regular monthly contributions and in FY 2018-19, the lump sum payment, in addition to the our regular monthly contributions, is projected to increase to \$218,776. This unfunded retirement liability will have an impact on the PRMT and how much the center will be able to contribute to the PRMT on an annual basis. As such, Kim proposed that the PRMT expand its oversight to include the employees' retirement program. Kim presented a change to the PRMT Policy and Procedures that includes another duty: "Review periodic annual retirement valuation reports."

M/S/C (D. Becerra/K. Rolfes) To present the proposed change to the PRMT's policy and procedures to the Board of Trustees, as presented.

V. Board Meeting Agenda Items

The following items were identified for the PRMT's section of the February 8th board meeting agenda:

- A. Minutes of January 25th Meeting
- B. Statement on Current Trust Value
- C. Presentation of Proposed Change to PRMT Policy & Procedures

VI. Announcements/Information/Public Input

- A. Next Meeting: Wednesday, April 26, 2017, at 5:30 p.m.

VII. Adjournment

Lou adjourned the meeting at 6:27 p.m.

Submitted by,

Jennifer Kaiser

Jennifer Kaiser
Executive Assistant

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