

North Los Angeles County Regional Center
Post-Retirement Medical Trust Committee Meeting Minutes

July 27, 2022

Present: Ana Quiles (Chair), Ruth Janka, Vini Montague, Alma Rodriguez, David Coe -Committee Members

Liliana Windover, Lizeth Chavez, Malorie Lanthier, Clarence Foster, Dr. Jesse Weller – Staff Members

Anne Wimmer – HighMark Capital, Tim Banach – U.S. Bank
Azucena Bustillos-Interpreter, Nancy Gallardo- Interpreter, Jasmine Barrios-Minutes Services - Guests

Absent:

I. Call to Order & Introductions

Ana called the meeting to order at 5:30 pm.

The Board and NLACRC Staff introduced themselves, guests introduced themselves in the chat.

II. Public Input

No public input

III. Consent Items

A. Approval of Agenda – (Page 2)

M/S/C (D. Coe/A. Rodriguez) To approve the agenda as presented.

B. Approval of Minutes of April 27th Meeting – (Page 3)

M/S/C (D. Coe/R. Janka) To approve the April 27th Meeting Minutes as presented.

IV. Committee Business

A. Annual Committee Orientation – Vini Montague

1. Review Post Retirement Medical Trust (PRMT) Policies and Procedures (Page 8)

At the beginning of each board year, Committees are presented with an Annual Committee Orientation that outlines a few key points about Committee processes as presented in the packet.

- a. The Committee meets on a quarterly basis out of the year. The agenda for each meeting is determined by NLA Staff and is reviewed with the Committee Chairperson.
- b. The duties of the Post-Retirement Medical Trust Committee are to:

- Direct the Trustee regarding trust distributions to pay post-retirement medical benefits and/or CalPERS unfunded accrued liability retirement benefits,

- Establish a funding policy and investment guidelines for the Trustee
- Review periodic and annual reports of the Trustee including trust transactions, gains, losses, investments and assets of the trust at cost and fair market value.
- Determine the number of Committee Members who are required to sign directions to the trustee.
- May be required to value certain assets for the Trustee.
- Make a report of its meeting to the full Board including the Annual Report and any other periodic reports from the trustee.
- Review the performance of the Trustee annually and make a recommendation to the Board to continue or replace trustee.
- Review periodic annual retirement valuation reports.

2. Meeting Schedule (*Page 10*)

There are 4 meetings each year as the Committee meets on a quarterly basis.

Ana Quiles recommended that Committee Members input the Committee meeting dates in their phones or calendars as quarterly meetings can be forgotten.

3. Draft Critical Calendar for FY2022-23 (*Page 11*)

- The Critical Calendar identifies the items that are to be reviewed by the Committee and when.
- Each Committee is assigned an NLA Staff Member who will oversee and determine agenda items, who will review the agenda with the Committee Chairperson each month.

It was noted that there were a page missing in the revised packet in regards to the Bylaws for this Committee. Vini Montague will re-send out this information to the Committee.

B. HighMark Capital Report – Anne Wimmer (*Page 12*)

Anne reported that overall national financial environment has been both positive and negative. There has been good economic growth, strong job numbers and good retail sales numbers. Unemployment declined to 3.6% and nonfarm payroll rose by \$327,000. Negatively, the inflation rate is currently up by 9.1% which is a 40-year high. The GDP was up by 5.7% in 2021, but has contracted -1.6% in the first quarter of 2022 and short-term interest rates have gone up, and expecting continued rate hikes. Concerns about the outlook include inflation, rising interest rates, geopolitical events and a possible recession.

1. Statement of Current PRMT Trust Value

- This statement is for post-retirees and future retiree healthcare benefits, it is a longtime horizon account that can be volatile.
- This account has an investment objective that is identified as Balanced
- As of July 20, the portfolio is at \$29.16 million dollars. This is comprised of multiple asset classes.
 - Total equities are at 56.6 %
 - Fixed income - 29.8%,
 - Alternatives - 9.3%.
 - Cash and equivalents – 4.3%

2. Statement of Current CalPERS Unfunded Accrued Liability (UAL) Trust Value

- This statement has a shorter time horizon than the PRMT account. This account carries less in equities, but more in bonds. This account also makes periodic payments to CalPERS in regard to pension obligations. This account has an investment objective that is identified as Income and Growth
- As of July 20, the portfolio is at \$9.7 million dollars. This is comprised of multiple asset classes.
 - Fixed income – 51.4%
 - Total Equities – 32.9%
 - Alternatives – 8.2%
 - Cash and equivalents – 7.4%

Each year, the Committee reviews and determines the investment strategy for each of these accounts. Strategies can be changed to be more or less aggressive or can remain the same. Anne stated that in her professional opinion, the current investment strategy and account objectives continue to be appropriate. Tim Banach from U.S. Bank agreed with this viewpoint. It was noted that the Committee can move to change the objectives of one or both accounts as determined by need.

M/S/C (R. Janka/D. Coe) To approve the current investment strategy for the PRMT and UAL Trust accounts.

C. Quarterly PRMT Market Value History Report – Vini Montague (*Page 39*)

Vini reviewed this report as presented in the packet. It was noted that the timeframes for this report are different than the HighMark Capital Report. As of June 30, 2022:

- Market Value - \$28,418,065
- Total Contributions – \$14,981,112
- Quarterly Fee Reimbursement Payments - \$918,578.
- The Obligation amount at the end of the year and the Net Benefit Obligation is based on an Evaluation Report that is conducted by an independent entity. This report is still pending.

D. Quarterly UAL Market Value History Report – Vini Montague (*Page 43*)

Vini reviewed this report as presented in the packet. It was noted that the timeframes for this report are different than the HighMark Capital Report. As of June 30, 2022:

- Market Value - \$9,563,809
- Total Contributions – \$10,787,341
- Quarterly Fee Reimbursement Payments - \$45,458
- The Obligation amount at the end of the year and the Net Benefit Obligation is based on an Evaluation Report that is conducted by an independent entity. This report is still pending.

V. Board Meeting Agenda Items

The following items were identified for the committee’s section of the August 10th Board Meeting agenda:

- A. Minutes of the July 27th Meeting
- B. Critical Calendar for FY2022-23
- B. Statement of Current PRMT Trust Value
- C. Statement of Current UAL Trust Value

VIII. Announcements / Information Items / Public Input

A. Next Meeting: Wednesday, October 26th at 5:30 p.m.

Tim Banach from U.S. Bank added that in regards to the UAL Trust, Vini provided the directive for U.S Bank to make the quarterly payment to CalPERS. The payment was made on July 22nd and the trust is paid up for the next 6 months. The Committee approved this payment at the last Committee Meeting.

IX. Adjournment

Ana Quiles, Committee Chair, adjourned the meeting at 6:13 p.m.

Submitted by:

(*) *Lizeth Chavez*

Executive Administrative Assistant

() The majority of these minutes are taken from the Minutes Service submission and reviewed/edited as presented herein by NLACRC staff.*