

North Los Angeles County Regional Center
Post-Retirement Medical Trust Committee
Meeting Minutes
April 28, 2021

Draft

Present: Leticia Garcia, Ruth Janka, Kim Rolfes, Ana Quiles, and Jeremy Sunderland – Committee Members
Sarah Murray - Milliman
Anne Wimmer – HighMark Capital Representative
Tim Banach – U.S. Bank Representative
Michele Marra, Yesenia Martinez, Vini Montague, Jesse Weller and Cheryl Blizin – Staff Members

Absent: All present

I. Call to Order & Introductions

Lety Garcia, chair, called the meeting to order at 5:32 p.m. and introductions were made.

II. Public Input – There was no public input.

III. Consent Items

A. Approval of Agenda

M/S/C (A. Quiles/K. Rolfes) To approve the agenda as presented/modified.

B. Approval of Minutes from the January 27th Meeting

M/S/C (J. Sunderland/A. Quiles) To approve the minutes as presented.

IV. Presentation of Fiscal Year 2020 Actuarial Report by Sarah Murray, FSA, EA, MAAA, Principal & Consulting Actuary of Milliman

Copies of the presentation on the valuation of retiree health benefits were provided to the committee and Sarah reviewed it with them page-by-page. The presentation provided an overview of the following points:

1. Reporting requirements under Accounting Standard Codification 715.

2. The center's retiree health plan.
3. How the valuation works.
4. Key definitions and terminology.
5. Valuation results.
6. Note on CalPERS pension liability.

V. Committee Business

A. HighMark Capital Report

1. Statement of Current PRMT Trust Value

Anne provided copies of HighMark's quarterly report on the activity of the center's PRMT and reviewed it with the committee. 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 report by asset class, selected period performance, and economic data charts. As of April 21, 2021, the market value of the trust assets was \$31,681,263, an increase of \$1,067,064 since the last report dated January 21, 2021. The increase was due to a gain in investments and a deposit for the fees charged in the prior quarter. The rate of return for 3 months was 3.30% (net of fees) and for 12 months was 32.82% (net of fees). The annualized rate of return since the trust's inception (September 30, 2004) was 6.61% (gross of fees).

2. Statement of Current CalPERS Unfunded Liability Trust Value

Anne provided copies of HighMark's quarterly report on the activity of the center's UAL Contribution Trust and reviewed it with the committee. The report was followed by the asset allocation summary, holdings report by asset class, selected period performance, and economic data charts. As of April 21, 2021, the market value of the trust assets was \$4,575,655, an increase of \$874,723 since the last report dated January 21, 2021. The increase was due to a contribution of \$787,038, gains in investments, and a deposit for the fees charged during the prior quarter. The rate of return for 3 months was 0.66% (net of fees) or 0.73 (gross of fees) and the annualized rate of return since the Trust's

inception (March 31, 2020) was 10.01% (net of fees) or 10.23% (gross of fees).

B. NLACRC's Quarterly PRMT Market Value History Report

Kim provided copies of the report, which reported the PRMT's market value for each quarter since its inception in September 2004. The report shows the market value, the total amount of NLACRC contributions to the PRMT, and the change in market value since the inception of the PRMT. As of March 31, 2021, the market value of the PRMT is \$30,881,910. The report shows that the PRMT has increased by \$15,209,373 as of March 31, 2021 due to gains in investments. 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 PRMT Trust. Kim shared that the purpose of the PRMT is to cover the Center's retiree healthcare obligation which is currently \$63,387,477 as of the June 30, 2020 actuarial valuation. However, the net obligation is currently \$38,361,747 as of the June 30th actuarial valuation.

C. NLACRC's Quarterly CalPERS Unfunded Accrued Liability Trust Value

Kim provided copies of the report, which reported the UAL Trust's market value for each quarter since its inception in January 2020. The report shows the market value, the total amount of NLACRC contributions to the UAL Trust, the disbursements made from the UAL Trust, and the change in market value since the inception of the UAL Trust. As of March 31, 2021, the market value of the UAL Trust was \$4,477,132. The report shows that the UAL Trust has increased by \$821,068 as of March 31, 2021 due to gains in investments. 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 UAL Trust. Kim shared that the purpose of UAL Trust is to cover the Center's CalPERS unfunded accrued liability for retiree pension benefits, which is currently \$10,021,434 as of the June 30, 2020 actuarial valuation. However, the net obligation is currently \$6,671,019 as of the June 30th actuarial valuation. Kim shared that when CalPERS publishes the June 30, 2020 actuarial valuation in July 2021/August 2021, the projected CalPERS unfunded accrued liability for retiree pension benefits will be updated accordingly.

D. Recommendation for FY2019-2020 Contribution to CalPERS UAL Trust

Kim reported that during the April 2020 PRMT meeting, the committee took an action that any available operations funds from fiscal year 2019-2020 would be

encumbered for disbursement to the CalPERS UAL Trust, which would be used towards paying the annual lump sum payments for CalPERS retiree pension benefits. Kim reported that the Center has encumbered \$3,436,098 from FY2019-2020 that is available to contribute to the CalPERS UAL Trust. Kim shared that due to COVID-19 pandemic, the SEIU Union contract negotiations, legal commitments, the trigger reductions proposed by the Governor (which were subsequently withdrawn at the end of June 2020), and the digitizing of paper records resulted in the Center having available operations funds to contribute to the CalPERS UAL Trust. Kim reported approximately 45% of the available funds was from payroll savings and 55% of the available funds was from operations savings. Kim recommended that the committee contribute \$3,436,098 to the CalPERS UAL Trust.

M/S/C (A.Quiles/J.Sunderland) to approve a \$3.4 million contribution to the CalPERS UAL Trust to help reduce NLACRC's unfunded liability.

E. Recommendation for FY2020-2021 Contribution to CalPERS UAL Trust and PRMT Trust

Kim reported that the Center has encumbered \$395,878 from FY2020-2021 that is available to contribute to either the CalPERS UAL Trust or the PRMT Trust. Kim shared that continued savings from mileage/travel due to the COVID-19 pandemic and the receipt of CARE's ACT funding for technology resulted in the Center having available operations funds to contribute to either the CalPERS trust or the PRMT Trust. Kim reported that the Center is anticipating an additional allocation from the State, which if received would increase the potential amount of funds to contribute to either the CalPERS UAL Trust or the PRMT Trust. Kim recommended that the committee prioritize funding the CalPERS UAL Trust over the PRMT Trust, since the Center is required to make annual lump sum payments to CalPERS until such time the unfunded pension liability is resolved. If in the event, next year, the market value of the CalPERS UAL Trust should be sufficient to address the CalPERS unfunded liability, then any additional available funds should be contributed to the PRMT Trust.

M/S/C (R. Janka/J. Sunderland) to encumber \$395,878 from FY2020-2021, as well as any additional available operations funds for contribution to the CalPERS UAL Trust and if additional operations funds are available after fully funding the CalPERS UAL Trust, contribute the additional operations funds to the PRMT.

F. Recommendation for Disbursement to CalPERS from UAL Trust

Kim reported that the Center is required to pay an annual lump sum payment of \$261,051 for CalPERS unfunded accrued liability for retiree pension benefits in July 2021 for FY2021-2022. Kim explained that the actual amount paid to CalPERS may be less because when the Center disburses the payment during July CalPERS often makes an adjustment based on their actuarial assessment; however, it would be no more than \$261,051. Kim recommended that the committee authorize a disbursement in the amount of \$261,051 to CalPERS from the CalPERS UAL Trust.

M/S/C (K. Rolfes/R. Janka) to approve an approximate \$261,051 disbursement to CalPERS from the CalPERS UAL Trust.

V. Board Meeting Agenda Items

The following items were identified for the PRMT's section of the May 12th board meeting agenda:

- A. Minutes of the April 28th Meeting
- B. Power point presentation by Milliman of Actuarial Valuation
- B. Statement of Current PRMT Trust Value
- C. Statement of Current CalPERS UAL Trust Value

VI. Announcements/Information/Public Input

- A. Next Meeting: Wednesday, July 28th, at 5:30 p.m.

VII. Adjournment

Lety Garcia adjourned the meeting at 6:40 p.m.

Submitted by,

Cheryl Blizin
Executive Assistant



