

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

April 25, 2024

**Present:** Ana Quiles, Brian, Gatus, Cristina Preuss

Kimberly Visokey, Evelyn McOmie – Staff Members

Sarah Murray – Milliman, Keith Stribling -PFM Asset Management, Andrew McElhinney,  
Jasmine Barrios-Minutes Services - Guests

**Absent:** Vini Montague

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**I. Call to Order & Introductions**

Ana Quiles called the meeting to order at 5:34 pm.

**II. Public Input**

No public input

**III. Consent Items**

A. Approval of Agenda

**M/S/C** (A. Quiles/C. Preuss) To approve the agenda as presented

B. Approval of Minutes of July 27, 2023 Meeting

**M/S/C** (A. Quiles/C. Preuss) To approve the Meeting Minutes as presented.

After the vote, the motion was rescinded to include a revision to the attendance list to note that Vini Montague was absent at the July 27<sup>th</sup> meeting.

**M/S/C** (C. Preuss/B. Gatus) To approve the Meeting Minutes as revised.

**IV. Presentation of Year 2023 Actuarial Report by Sarah Murray, FSA, EA, MAAA, Principal & Consulting Actuary of Milliman**

Sarah Murray from Milliman, reviewed the Actuarial Report as presented in the packet.

Highlights include:

Annual Valuation - Valuing postretirement health benefits

- Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 715 requires measurement and reporting of retiree health plan liabilities on Center's financial statements

- Future retiree benefits are “earned” during the period of employment, and Center must recognize the obligation over the same period
- Milliman actuaries calculate the plan’s liabilities each year based on:
  - Census updates
    - current retirees receiving benefits, as well as current active employees who are eligible (or may become eligible) to receive future benefits
  - Actuarial assumptions
  - Demographic assumptions
    - estimated rates of termination, retirement, mortality, etc.
  - Economic assumptions
    - discount rate (to get a present value of liabilities), expected long-term return on assets
  - Assumptions about health costs, including how they will increase in future years
  - Plan provisions
    - eligibility requirements, amount of benefits, etc.
  - Method of calculating liabilities
    - follow FASB rules
  - FASB liability measure is called the Accumulated Postretirement Benefit Obligation (APBO)
  - Expected benefits for each future year are estimated based on data, actuarial assumptions, and plan provisions
  - Expected payments are discounted back to the valuation date (6/30/2023) to get a present value of liabilities; this is compared to the plan’s assets (market value) as of valuation date  
Unfunded Plan Liability reported on the Balance Sheet
  - Also, calculate the annual cost of the plan on an accounting basis (expense recognized by employer)
  - Net Periodic Benefit Cost reported on the Income Statement.

#### Assumption Changes as of June 30, 2023

- Discount rate
  - Based on high-quality corporate bond yields can vary quite a bit from year to year.
  - Results are very sensitive to changes in the discount rate
  - NLA’s discount rate increased from 4.65% at 6/30/2022 to 5.20% at 6/30/2023
  - Based on FTSE Above Median Pension Discount Curve
- Expected long-term return on assets
  - Based on the plan’s target asset allocation and expected return model maintained by Milliman investment consultants
  - No change is recommended to this assumption as of 6/30/2023; keep at 6.00% for valuation purposes.
- Health assumptions
  - Expected medical costs
  - Medical trend/inflation updated based on the “Getzen” model published by the Society of Actuaries.
  - Updates from the 2023 union agreement

Actuarial gains and losses as of June 30, 2023

- Gains or losses occur from year to year when plan experience differs from assumptions or when assumptions (such as the discount rate) are updated
- Asset gain of \$1.1 million due to better-than-expected asset return for FYE 6/30/2023
- Net liability gain of \$1.4 million due to assumption changes
  - \$4.5 million gain due to discount rate increase
  - \$1.7 million loss for updated health cost assumptions
  - \$1.4 million loss for an increase in NLACRC contributions from the new union agreement
- \$0.1 million demographic gain for census changes differing from assumptions
  - This variance is normal, and we monitor the demographic experience to determine if updates to the assumptions are needed.
- \$1.4 million + \$0.1 million = \$1.5 million total liability gain

**V. Committee Business**

A. PFM Capital Report – Keith Stribling

Keith, from PFM Capital, shared his reports as presented in the packet.

Highlights include:

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.

As of December 31, the portfolio is at \$34.6 million dollars. This is comprised of multiple asset classes.

- Total equities are at 56.4 %
- Fixed income - 29.8%,
- Alternatives - 7.9%.
- Cash and equivalents – .0%

2. Statement of Current CalPERS 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 regards to pension obligations.

As of December 31, the portfolio is at \$10.0 million dollars. This is comprised of multiple asset classes.

- o Fixed income – 50.5%
- o Total Equities – 37.4%
- o Alternatives – 6.1%.
- o Cash and equivalents – 6.0%

B. Quarterly PRMT Market Value History Report – Evelyn McOmie

This report was reviewed as presented in the packet. As of March 31:

- Market Value - \$36,309,695.88
- Total Contributions – \$14,981,112.01
- Quarterly Fee Reimbursement Payments - \$1,150,815.52

C. Quarterly UAL Market Value History Report – Evelyn McOmie

This report was reviewed as presented in the packet. As of March 31:

- Market Value - \$9,299,077
- Total Contributions – \$10,787,341
- Cumulative Reimbursement of Bank Fees - \$65,109

D. Recommendation for Disbursement from PRMT Trust – Evelyn McOmie

Recommendation is \$0. No action needed.

E. Recommendation for Disbursement from CalPERS UAL Trust – Evelyn McOmie

NLA is seeking to disperse an amount equal to the unfunded liability contribution for FY24-25 in the amount of \$498,388 in order to qualify for the prepayment discount, which saves around \$17,000 per month.

M/S/C (B. Gatus/C. Preuss) To approve the recommendation as presented.

F. Recommendation for Contribution to PRMT Trust – Evelyn McOmie

Recommendation is \$0. No action is needed

G. Recommendation for Contribution to CalPERS UAL Trust – Evelyn McOmie

The Committee is being asked to make a recommendation for disbursement from the CalPERS UAL Trust. NLA is seeking to disperse an amount equal to the surplus funds. This will contribute funds to the UAL trust to ensure upcoming obligations are met. An amount has not been identified, and as such, the Committee will defer this item.

Cristina will check to see if this item can be discussed at the next Executive Committee meeting and if not, a special meeting will be arranged for the Admin Affairs committee to make a determination.

H. Draft Critical Calendar for FY2024-2025 – Evelyn McOmie

It was determined to revise the Critical Calendar to remove the January meeting and to move the remaining meetings to May and August. Board Support will inform Keith Stribling of the calendar changes.

M/S/C (B. Gatus/C. Preuss) To approve the Critical Calendar as revised.

**V. Board Meeting Agenda Items**

- A. Minutes of the July 27th Meeting
- B. PFM Capital Statement of Current PRMT Trust Value
- C. PFM Capital Statement of Current CalPERS UAL Trust Value
- D. Quarterly PRMT Market Value History Report
- E. Quarterly UAL Market Value History Report
- F. Draft Critical Calendar for FY2024-2025

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

- A. Next Meeting: TBD
- B. Committee Attendance – It was noted that the dates on the top of the spreadsheet list dates from 2022-23. Board Support will update the dates to reflect the current FY.

**VII. Adjournment**

Ana Quiles adjourned the meeting at 6:22 p.m.

Submitted by:

*Kimberly Visokey*

Executive Administrative Assistant

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

