

North Los Angeles County Regional Center
Post-Retirement Medical Trust Committee
Meeting Minutes
July 27, 2016

Present: Dan Becerra, Lou Paparozzi, Kim Rolfes, and George Stevens – Committee Members
Jenean Glover and Debra Newman – Board Members
Anne Wimmer – HighMark Capital Representative
Tim Banach – U.S. Bank Representative (via teleconference)
Diane Ambrose, Jennifer Kaiser, and Vini Montague – Staff Members

Absent: All present

I. Call to Order & Introductions

Lou Paparozzi, chair, called the meeting to order at 5:35 p.m.

II. Public Input – There was no public input.

III. Consent Items

A. Approval of Revised Agenda

The revised agenda was approved as presented.

B. Approval of Minutes of April 27th Meeting

Tim made one change to the minutes. In Section IV.D., the 3rd sentence should be corrected to read, "... government obligation, and treasury funds ~~or a bank deposit product~~; there are additional non-money market mutual fund alternatives ...". The minutes were approved as corrected.

IV. Committee Business

A. Annual Committee Orientation (Review Policies and Procedures)

The committee's policies and procedures were provided. The committee's purpose is oversee the center's PRMT.

B. FY 2016-17 Committee Meeting Schedule

Copies of the meeting schedule were provided. The committee will meet at 5:30 p.m. on the following dates this fiscal year:

1. Wednesday, July 27, 2016
2. Wednesday, October 26, 2016
3. Wednesday, January 25, 2017
4. Wednesday, April 26, 2017

C. Review Committee's FY 2015-16 Action Log

Copies of the action log were provided. The action log lists all of the formal actions that were taken by the committee during the previous fiscal year. It is provided to help new committee members understand the types of decisions that were made by the committee members before them.

D. Annual Discussion re: the Trust Investment Strategy

The trust's investment strategy, since its inception, has been to use a balanced portfolio. Anne reported that this type of strategy is typical for this type of trust. After discussion, the committee decided that they wanted to remain somewhat cautious of investments while being stewards of public funds.

M/S/C (D. Becerra/K. Rolfes) To recommend to the Board of Trustees to continue using a balanced portfolio for the PRMT.

E. 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 key concerns. This was followed by the asset allocation summary, holdings report, selected period performance, and economic charts. The value of the trust assets as of June 30, 2016 was \$19,382,371, an increase of \$427,665 since the last quarterly report. The increase was due to a gain in investments. The rate of return for the quarter was 2.14% (net of fees). The annualized rate of return since the trust's inception, 140 months ago, was 5.64% (gross of fees).

F. Money Market Changes

As discussed at the last quarterly PRMT meeting, the Securities and Exchange Commission (SEC) has amended the rules that govern institutional prime and tax-free funds. Tim explained how this would affect the PRMT. Anne recommended that the trust be moved into a government obligation fund.

M/S/C (D. Becerra/G. Stevens) To authorize an officer of NLACRC to execute the necessary paperwork to move the trust into a government obligation fund.

G. 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 June 30, 2016. During this period of time, the center has contributed \$13,974,745 to the trust (in contributions and fees) and the trust has gained \$5,410,210 through investments, for a total trust value of \$19,384,955. 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.

1. FY 2015-16 Actuary Report

Kim reported that as part of our financial statement, an assessment was conducted by an actuary called Milliman; she was very impressed by the assessment and will continue to use Milliman as the center's actuary. Tim and Anne agreed that this was a good choice as they are a nationally known company.

Action: Kim will arrange a presentation by the center's actuary at a future PRMT meeting.

H. Quarterly PRMT Fees by Quarter

During the quarter ending June 30, 2016, the center paid \$6,718 in ongoing fees and \$16,311 in investment management fees for a total of \$23,030. Attached to the report was an explanation of the trust fees and how they are calculated.

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 July 27th Meeting
- B. Statement on Current Trust Value
- C. Recommendation to Continue using a Balanced Portfolio for the PRMT

VI. Announcements/Information/Public Input

- A. Next Meeting: Wednesday, October 26, 2016, 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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