



Hi-Desert Memorial Health Care District dba
Morongo Basin Healthcare District
BOARD OF DIRECTORS REGULAR MEETING MINUTES
September 8, 2017 at 11:30 a.m.

6530 La Contenta Road, Suite 100, Yucca Valley CA 92284 | 760.820.9229

- **Mission Statement:** To improve the health and wellness of the communities we serve.
- **Vision:** A healthy Morongo Basin.
- **Core Values:** Commitment, Collaboration, Accountability, Dignity, Integrity.

Board of Directors:

- Director Doyle, President
- Director Armstrong, Vice President
- Director Sullivan, Secretary
- Director Hoffman, Treasurer
- Director Markel-Greenhouse

Administrative Staff:

- Jackie Combs, CEO
- Karen Graley, Board Clerk
- P.K. White, Controller

Guests:

- Kurt Schauppner, The Desert Trail
- Caroline H. Vinson, CFP, Financial Advisor
- By telephone: Bob McCarthy, CFP, Financial Advisor

CALL TO ORDER

Director Doyle called the meeting to order at 11:30 a.m.

ROLL CALL

- Karen Graley, Board Clerk, conducted roll call. All Directors were present for a quorum.

OBSERVANCES

Director Doyle read the mission, vision and core value statements.

Director Hoffman led the assembly in the pledge to the American flag.

PUBLIC COMMENT

No public comment.

APPROVAL OF MEETING AGENDA

Motion 17-70: Director Armstrong motioned to approve the meeting agenda as presented; motion seconded by Director Sullivan; motion passed by unanimous vote.

REPORTS

RBC WEALTH MANAGEMENT – *Bob McCarthy, CFP, Financial Advisor*

Mr. McCarthy presented an overview of the investment portfolio from Royal Canadian Bank (RBC). He has served as the District’s financial advisor for over twenty years.

- YTD review of Economy//Market
- RBC Global Insight to Economy – Outlook
- Account Analysis
- Maturity Detail
- Maturity Summary
- Shock Test
- Next Steps



MARKET MAPS

The report presented maps showing historical market trends. Director Hoffman asked about the S&P sectors and market indices cycle positions, noting there were many banks on the downward trend and asked for comment. Financial institutions consolidate first; the Canadian banks seem more resilient than U.S. banks; the analysts are keeping an eye on the trend as it can be a pre-cursor to the rest of the market. U.S. market could go as low as 10% coupled with geo-political issues and hurricane economic impact.

GLOBAL INSIGHT

A historical list of geo-political events since WWII were presented showing the impact those events had on the stock market. The market does not show a dramatic response to the geo-political scenery.

A list of technologies impacting the future was presented. Director Sullivan asked for insight on the healthcare category. This is a volatile period for healthcare; any investment in healthcare should be broad rather than narrow.

Global equity: There's a 10% chance we're close to recession but the market is still in a more positive position than three years ago. If the tax break for corporations is given by the government along with and other changes, we can expect the market to improve in the near turn. The 10-year treasury is expected to rebound this year.

Key Forecasts: are overall up beat.

FIXED INCOME ANALYSIS

Analysis shows 35% U.S. Treasury Securities, 23% US Government Agency; 22% CDs and 21% Corporate Bonds. We seem to be in a zone to add longer term bonds with shorter durations if the U.S. economy strengthens,

Credit Quality Distribution: Director Sullivan asked about the "Other/Not Rated" category shown at 45.59%. Primarily because CDs and banks. They're not rated but are insured as per District policy.

MATURITY SUMMARY

This section of the reports showed bonds. We may buy corporate bonds for the portfolio and add some longer term opportunities. There is a lot of money maturing in the next few years and our concern is to get the rates higher. If bonds stall, then we may move money out of the short term bonds.

Director Hoffman asked what would make this happen. The Feds are key. At the December meeting there is a 25% chance the interest rates will be raised by the end of the year, especially in light of the hurricane impact. The real estate market may react to the increase. The job rate will look worse because of jobs lost due to the hurricane impact but is expected to bounce back quickly. The great elephant in the room is the geo-political environment.

MODEL 1 YEAR SCENARIO REPORT

Several "shock scenarios" for investment performance were presented. The portfolio stays stable through all of the projections with variables being within a few percentage points. No real impact is expected.

Director Hoffman asked if a shock report could be issued at regular intervals to inform us of any pertinent information; quarterly reports will be presented for the Directors' information.

Director Hoffman commented that the District provided RBC with financial goals and guidelines and it appears the portfolio is on target.

DIRECTOR COMMENTS

- Director Greenhouse: Thank you. The report is so helpful.
- Director Sullivan: Very informative, enjoyed the presentation.
- Director Hoffman: Appreciate the detailed report and the shock analysis. Additionally, we would ask for information how changes in the short term bonds will impact the District.
- Director Armstrong: no comment.
- Director Doyle: Thank you, great presentation.

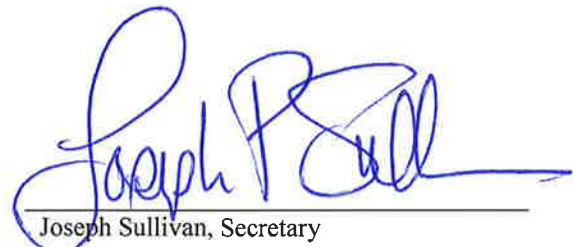
MEETING ADJOURNMENT

Director Doyle adjourned the meeting at 12:24 p.m.

Board meeting minutes recorded by K. Graley.



Marge Doyle, President



Joseph Sullivan, Secretary