

North Broward Hospital District Board Of Commissioners  
1700 Northwest 49th Street, Suite #150, Ft. Lauderdale, 33309

### **PENSION AND INVESTMENT COMMITTEE MEETING** **10:00 A.M., JULY 22, 2020**

The Pension and Investment Committee of the North Broward Hospital District was held at 10:00 a.m. on July 22, 2020 via WebEx video conference.

#### **1. NOTICE**

Official notice and agenda of this meeting is attached to the Minutes, as EXHIBIT I and EXHIBIT II, as presented for consideration of the Committee.

#### **2. CALL TO ORDER**

There being a quorum present, the meeting was called to order by Chair Christopher T. Ure at 10:04 a.m.

#### **3. COMMITTEE MEMBERS**

*Present:*

Commissioner Christopher T. Ure, Chair  
Commissioner Nancy W. Gregoire, Vice Chair  
Commissioner Ray T. Berry

*Senior Leadership*

*Additionally Present:*

Stacy L. Angier/Commissioner, Marie C. Waugh/Commissioner, Gino Santorio/President/Chief Executive Officer, Alan Goldsmith/Chief Administrative Officer, Alex Fernandez/Chief Financial Officer, Linda Epstein/Corporate General Counsel, Jerry Del Amo/Deputy General Counsel

#### **4. GOVERNOR'S EXECUTIVE ORDER ANNOUNCEMENT**

General Counsel delivered the Governor's Executive Order for the record, as seen below.

“This public board meeting is being conducted through communications media technology in accordance with the Governor's Executive Order No. 2020-69 and extended by the Governor's Executive Order No. 202-150 and Section §120.54(5)(b)2., Florida Statutes. This meeting is open to the public, and the public may attend this meeting via telephone conference call. The conference call information is currently posted on Broward Health's website. All the requirements of Florida's Sunshine Law are still in effect including the memorialization of minutes. While not a requirement under Florida law, we will attempt to record this meeting and post it on Broward Health's website for the public and for those who may not be able to attend this live telephone conference.”

# MINUTES

## NORTH BROWARD HOSPITAL DISTRICT

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### 5. PUBLIC COMMENTS

None.

### 6. APPROVAL OF MINUTES

Approval of Pension and Investment Committee meeting minutes dated February 26, 2020.

**MOTION:** It was *moved* by Commissioner Berry, *seconded* by Commissioner Gregoire, that:

**The Pension and Investment Committee of the North Broward Hospital District approve the minutes dated February 26, 2020.**

Motion *carried* unanimously.

### 7. TOPIC OF DISCUSSION

#### 7.1. Overview of Markets – presented by Rosemary Guillette, Segal Marco Financial Advisors

Ms. Guillette presented a Synopsis of the Financial Market Environment for Q2, which included the following subjects:

- Global Equity Overview
- U.S. Equity
- International Equity
- Emerging Market Equity
- Fixed Income Overview
- U.S. Fixed Income
- International Fixed Income

Discussion ensued regarding expectations around the long-term forecast for Broward Health's portfolio.

#### 7.2. Review the Performance Results of the Pension Fund – presented by Rosemary Guillette, Segal Marco Financial Advisors

Ms. Guillette presented the Broward Health Pension Fund Preliminary Performance, as of June 30, 2020, highlighting gains and losses.

Ms. Guillette noted that the full report was not available and that the timeline was typically 45 days from end of quarter to deliver final reporting.

- Market Environment

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- Asset Allocation Comparison (see the Segal Marco Broward Health Unrestricted Fund Preliminary Performance report for details, pages 3-4).
  - Target Allocations
  - Current Managers & Allocations
- Comparative Performance (see the Segal Marco Broward Health Pension Fund Preliminary Performance report for details, pages 5-8).
  - Underperformed in Q2.
  - Managers performed well overall.
    - Total Fund Composite – TF Policy Index
    - Domestic Equity Composite – Russell 3000 Index
    - International Equity Composite – MSCI AC World ex USA (Net)
    - Emerging Markets Equity Composite – MSCI EM (Net)
    - Fixed Income Composite – Blmbg. Barc. U.S. Aggregate
    - Global Fixed Income Composite – Index-MB and Index-IPS
    - MACS Composite – MACS Policy Index and MACS Policy Index II
    - Real Estate Composite – NCREIF ODCE Equal Weighted
    - Hedge Fund Composite – 90-Day T-Bill +5%
    - Domestic Equity Composite – Russell 3000 Index
    - Large Cap Equity Composite
      - S&P 500
      - BMO Asset Management – Russell 1000 Value Index
      - SSGA S&P 500 ex Tobacco – S&P 500 Tobacco Free Index
      - Brown Advisory – Russell 1000 Growth Index
    - SMID Equity Composite
      - Russell 2500 Index
      - Fisher Investments – Russell 2500 Value Index
      - Westfield Capital Management Company – Russell 2500 Growth Index
    - International Equity Composite
      - MSCI AC World ex USA (Net)
      - Vanguard Developed Markets Index Instl. (FTSE Developed All Cap ex-U.S. Index
      - Wellington International – MSCI AC World ex USA (Net)
    - Emerging Markets Equity Composite
      - MSCI EM (Net)
      - Brandes Investment Partners – MSCI EM (Net)
      - JP Morgan Investment Mgmt. – MSCI EM (Net)
    - Fixed Income Composite
      - Blmbg. Barc. U.S. Aggregate
      - Baird Advisors – Blmbg. Barc. U.S. Aggregate
    - Global Fixed Income Composite
      - Global Fixed Income Index – MB

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- Global Fixed Income Index – IPS
- Blackrock Strategic Income – Blmbg. Barc. U.S. Universal Index
- Loomis, Sayles – ICE Libor +4%
- MACS Composite
  - MACS Policy Index
  - MACS Policy Index II
  - Schrodgers Investment Management – MACS Policy Index and MACS Policy Index II
- Real Estate Composite
  - NCREIF ODCE Equal Weighted
  - Invesco Real Estate – NCREIF ODCE Equal Weighted
- Hedge Fund Composite
  - 90-Day T-Bill + 5%
  - Blackstone – 90-Day T-Bill + 5%

Discussion was had on the impact of Covid-19 for the Invesco Core Real Estate USA fund.

### 7.3. Review the Performance Results of the Investment Fund – presented by Rosemary Guillette, Segal Marco Financial Advisors

Ms. Guillette reported on the Unrestricted Fund, reviewing asset allocation and total fund performance.

- Asset Allocation Comparison (see the Segal Marco Broward Health Unrestricted Fund Preliminary Performance report for details, pages 3-4).
  - Target Allocation
  - Current Managers & Allocations
- Comparative Performance (see the Segal Marco Broward Health Unrestricted Fund Preliminary Performance report for details, pages 5-8).
  - Total Fund – Policy Index
  - Domestic Equity Composite – Russell 3000 Index
  - International Equity Composite – MSCI AC World ex USA (Net)
  - Emerging Markets Equity Composite – MSCI EM (Net)
  - Fixed Income Composite - Blmbg. Barc. U.S. Aggregate
  - Global Fixed Income Composite
    - Global Fixed Income Index – MB
    - Global Fixed Income Index – IPS
  - MACS Composite
    - MACS Policy Index
    - MACS Policy Index II
  - Real Estate Composite - NCREIF ODCE Equal Weighted
  - Hedge Fund Composite – 90-Day T-Bill + 5%

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- Domestic Equity Composite – Russell 3000 Index
- Large Cap Equity Composite
  - S&P 500
  - BMO Asset Management – Russell 1000 Value Index
  - SSGA S&P 500 ex Tobacco – S&P 500 Tobacco Free Index
  - Brown Advisory – Russell 1000 Growth Index
- SMID Equity Composite
  - Russell 2500 Index
  - Fisher investments – Russell 2500 Value Index
  - Westfield Capital Management – Russell 2500 Growth Index
- International Equity Composite
  - MSCI AC World ex USA (Net)
  - Vanguard Developed Markets Index Instl. – FTSE Developed All Cap ex-U.S. Index
  - Wellington International – MSCI AC World ex USA (Net)
- Emerging Markets Equity Composite
  - MSCI EM (Net)
  - Brandes Investment Partners – MSCI EM (Net)
  - JP Morgan Investment Management – MSCI EM (Net)
- Fixed Income Composite
  - Blmbg. Barc. U.S. Aggregate
  - Baird Advisors – Blmbg. Barc. U.S. Aggregate
- Global Fixed Income Composite
  - Global Fixed Income Index – MB
  - Global Fixed Income Index – IPS
  - Blackrock Strategic Income – Blmbg. Barc. U.S. Universal Index
  - Loomis, Sayles – ICE Libor + 4%
- MACS Composite
  - MACS Policy Index
  - MACS Policy Index II
  - Schroder Investment Management
    - MACS Policy Index
    - MACS Policy Index II
- Real Estate Composite
  - NCREIF ODCE Equal Weighted
  - Invesco Real Estate – NCREIF ODCE Equal Weighted
- Hedge Fund Composite
  - 90-Day T-Bill +5%
  - Blackstone Alternative Asset – 90-Day T-Bill +5%

#### 7.4. Discussion of Replacement Managers – presented by Rosemary Guillette, Segal Marco Financial Advisors

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### 7.4.1. Fisher Investments/Vanguard Investments

### 7.4.2. Schroders Multi-Asset

Ms. Guillette reported on the MACS Index-Like Mutual Fund Options (Vanguard) Performance Analysis.

The three Vanguard funds that were being considered were as follows:

- Vanguard STAR Fund
- Vanguard Wellington Fund
- Vanguard Managed Payout Fund

Chairman Ure's recommendation to the committee was to stay away from the Vanguard Managed Payout Fund and to split the investment 50/50 between Vanguard Star and Vanguard Wellington.

**MOTION:** It was *moved* by Commissioner Gregoire, *seconded* by Commissioner Berry, that:

That the Pension and Investment Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the District to split the proceeds from the Schroder's MACS Portfolio, 50/50 between the Vanguard Star and Vanguard Wellington Funds.

Motion *carried* unanimously.

### 7.5. Alternative Investment Strategy – presented by Chris Lagan, Congress Asset Management

Mr. Chris Lagan, with Congress Assets Management, presented the private equity portion of the quarterly report. Mr. Lagan reported on managers and the status of allocation of funds.

Mr. Lagan noted that he was reporting through March 2020, as Congress's reports lagged a quarter.

- Highlight what we are seeing in the market broadly
- How it affects the organization's portfolio
- Flagged four funds that are of concern
  - Banyan Mezzanine Fund
  - Wave Equity Partners
  - Z Capital Partners
  - Sentinel Capital Partners
- Private Equity Portfolio Review
  - Market Updates
  - COVID Impact
  - Long term outlook
  - Capital Calls & Returns YTD June 30

# MINUTES

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- Developments
- Watch List.

The WebEx online phone conference platform went offline for all participants at 11:34 a.m. Meeting reconvened at 11:36 a.m. General Counsel requested a roll call be taken to establish commissioner attendance for the record.

In summary, Mr. Lagan stating that he felt confident that Broward Health was positioned to potentially reach the 7.5% target over the coming 12 months. He further stated that he did not believe a new fund commitment would be necessary in 2021. Mr. Lagan also noted that an appendix was included in the portfolio review documentation.

No actions were taken on this item.

- 7.6. Resolution FY21-01: Resolution to Create a Retiree Health Reimbursement Arrangement – presented by Gino Santorio, CEO, President and Brett Bauman, Sr. Associate, General Counsel

**MOTION:** It was *moved* by Commissioner Berry, *seconded* by Commissioner Gregoire, that:

That the Pension and Investment Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the District to accept Resolution FY21-01: Resolution to Create a Retiree Health Reimbursement Arrangement.

Motion *carried* unanimously.

### 8. **ADJOURNMENT**

There being no further business on the agenda, the Chair adjourned the meeting at 11:45 a.m.

Respectfully submitted,  
Commissioner Marie C. Waugh, Secretary/Treasurer