PENSION AND INVESTMENT COMMITTEE MEETING
2:00 p.m., Wednesday, May 18, 2022

The Pension and Investment Committee Meeting of the North Broward Hospital District was held at the Broward Health Corporate Spectrum Location, 1700 NW 49th Street, Suite 150, Fort Lauderdale, Florida 33309.

1. NOTICE

Official notice is attached to these minutes, titled EXHIBIT I. Agenda of this meeting is attached to the minutes, titled EXHIBIT II. Supporting documents, if applicable, are attached to these minutes, titled EXHIBIT III. These exhibits are presented for consideration of the Committee.

2. CALL TO ORDER

There being a quorum present, the meeting was called to order by Chair Christopher J. Pernicano at 2:20 p.m.

3. COMMITTEE MEMBERS

Present: Commissioner Marie C. Waugh
         Commissioner Ray T. Berry, Vice Chair
         Commissioner Christopher J. Pernicano, Chair

Senior Leadership
Additionally Present: Stacy L. Angier, Commissioner
         Nancy W. Stamper, Commissioner
         Levi G. Williams, Jr., Commissioner
         Shane Strum, President, Chief Executive Officer
         Ken Hetlage, Interim, Chief Operating Officer
         Alex Fernandez, SVP, Chief Financial Officer
         Linda Epstein, Corporate General Counsel

4. PUBLIC COMMENTS

Chair Pernicano opened the floor for public comments, in which there were none.

5. APPROVAL OF MEETING MINUTES DATED FEBRUARY 16, 2022

Without objection, Chair Pernicano approved the minutes, dated February 16, 2022. Motion carried without dissent.
6. **TOPIC OF DISCUSSION**

6.1. **Review Investments (non-Private Equity) quarter ending 3/31/22** (Presenter – Rosemary Guillette, Segal Marco Financial Advisors)

*Chair Pernicano yielded the floor to Alex Fernandez, SVP, Chief Financial Officer. Mr. Fernandez stated that as a follow-up to the February 16, 2022, Pension and Investment Committee Meeting, wherein it was requested that future composite presentations be reduced to a summary report, the quarterly presentation format was updated accordingly.

6.1.1. **Broward Unrestricted Composite 1Q22**

Segal Marco Financial Advisors representative, Rosemary Guillette, spoke to the following slides of the Unrestricted Composite 1Q22:

- **Summary of Investment Returns**
  - Quarterly Synopsis
  - Index Returns

- **Unrestricted Compliance Report** which highlights 1Q22
  - Total Fund Composite
  - Allocation
  - Performance Net of Fees (%); and
  - Net Investment Change Since Inception ($000)

6.1.2. **Broward Pension Composite 1Q22**

- **Pension Compliance Report** which highlights 1Q22
  - Total Fund Composite
  - Allocation
  - Performance Net of Fees (%); and
  - Net Investment Change Since Inception ($000)

For further detail, related slides are available within the May 2022 Pension and Investment Committee Meeting book on the Board of Commissioners’ webpage.

6.1.3. **Recommendation to place Investment Manager, Brandes Emerging Markets Equity Portfolio on the Watch List**

**MOTION** It was *moved* by Commissioner Berry, *seconded* by Commissioner Waugh, that:
The Pension and Investment Committee recommend that the Board of Commissioners of the North Broward Hospital District place Brandes Emerging Markets Equity Portfolio in both the Pension and Unrestricted Funds on the Watch List.

Motion confirmed by roll call.

**YES** Commissioner Marie C. Waugh  
**YES** Commissioner Ray T. Berry, Vice Chair  
**YES** Commissioner Christopher J. Pernicano, Chair

Motion *carried* 3/0.

6.1.4. Review Recommended Investment Managers to replace Vanguard Extended Market Index Fund

Ms. Guillette presented the Small-Mid (SMID) Cap Value Manager Search of the District’s Employee Pension Plan. Noted that SMID Cap Value Manager Search will complement *Westfield*, the District’s current SMID Manager.

- Mandate  
  - Small/Mid Cap Value  
- Benchmark  
  - Russell 2500 Value  
- Purpose  
  - Going active from passive Small/Mid Value allocation  
- Top Candidates  
  - *Systematic Financial Management*  
  - *EARNEST Partners*  
  - *Burgundy Asset Management*  
  - *Victory Capital*  
- Product Profile of Top Candidates  
- Characteristic Profile of Top Candidates  
- Top Candidate Considerations  
- Performance Comparisons (1 Year, 3 Year & 5 Year Returns)  
- Correlation Matrix  
- Segal Marco’s Seven (7) Decision Factor Approach of Top Candidates:  
  - Organization  
  - Team  
  - Strategy  
  - Investment Process  
  - Operations
Ms. Guillette provided options for the District on selection of the Small-Mid (SMID) Cap Value Manager based on Small-Mid (SMID) Cap Value Manager Search. Noted that top candidate interviews were conducted by Segal Marco and the District’s Finance Leadership. Ms. Guillette confirmed that Segal Marco’s recommendation was EARNEST Partners.

Discussion ensued and it was requested that in advance of the May 25, 2022, Board Meeting additional and further due diligence on both EARNEST Partners and Westfield be conducted.

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

The Pension and Investment Committee recommend that the Board of Commissioners of the North Broward Hospital District approve hiring EARNEST Partners to manage the small to mid-cap (SMID) strategy in both the Pension and Unrestricted Funds.

Motion confirmed by roll call.

**YES** Commissioner Marie C. Waugh  
**YES** Commissioner Ray T. Berry, Vice Chair  
**YES** Commissioner Christopher J. Pernicano, Chair

Motion carried 3/0.

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

The Pension and Investment Committee recommend that the Board of Commissioners of the North Broward Hospital District approve the termination of the Vanguard Extended Market Index Fund in the Pension Fund and Unrestricted Funds and the reallocation of the entire portfolio to EARNEST Partners.

Motion confirmed by roll call.

**YES** Commissioner Marie C. Waugh  
**YES** Commissioner Ray T. Berry, Vice Chair  
**YES** Commissioner Christopher J. Pernicano, Chair

Motion carried 3/0.
6.2. Review Private Equity Investments quarter ending 12/31/2021 (Presenter – Chris Lagan, Congress Asset Management Company)

Mr. Lagan provided the following high-level summary:

- Both Unrestricted Fund and Employees’ Pension continue to perform quite well:
  - Returns are very strong for both funds, ahead of the comp set S&P 500 +300 basis points
  - Record year for cash distributions in 2021: Unrestricted received $19 million, Pension received $11 million
  - Distributions YTD 2022 continuing: Unrestricted received $7 million (1.5x cost), Pension received $6 million (1.9x cost)
  - Cumulative Net Benefit is estimated at record mark March 31, 2022. Unrestricted Fund estimated net benefit was $59 million vs. $36 million at year end 2020
  - Pension estimated net benefit was $39 million vs. $25 million at year end 2020

- Both plans at / or slightly above 7.5% target allocation despite record cash returns
  - Gains attributable to performance
  - Some 2013 / 2014 funds are taking longer to liquidate than expected (approximately 30% of market value are in these vintages)
  - Some 2020 funds investing capital quicker than anticipated
  - Additional commitment approved for 2021 are fully allocated, both plans at or slightly above 7.5% target allocation

- Recent Actions
  - Unrestricted Fund approve $10 million in commitments to 2022 vintage funds:
    - April: Committed $5 million to Trivest: Split between Trivest Fund VII and Trivest Discovery Fund II
    - Plan on committing $5 million to Sentinel Capital Partners Fund VII in 2Q / 3Q 2022
  - Sold Carlyle Global Financial Services Partners III in secondary sale
    - Unrestricted fund received $5.2 MM
    - Pension fund received $3.1 MM

Mr. Lagan provided the following summaries:

- Unrestricted Fund
  - Valuation Summary
  - Performance Summary
  - Capital Calls and Returns
  - Private Equity Allocation Forecast
For further detail, related slides are available within the May 2022 Pension and Investment Committee Meeting book on the Board of Commissioners’ webpage.

6.3. Motion 05.2022, Authorization to Establish a Subcommittee of the Pension and Investment Committee to Administer and Oversee the District’s Defined Contribution Plans, dated May 25, 2022 (Presenter – Mark Sprada, Chief Human Resource Officer)

Mr. Sprada provided the Pension and Investment Committee with an update as it relates to the employee Defined Contribution Plans (403(b) and 457(b)) with the aim of reducing fees for employees.

Commissioner Williams raised concern of the Board delegating authority to the Subcommittee of the Pension and Investment Committee to administer and oversee the District’s Defined Contribution Plans.

It was noted that the purpose of the Pension and Investment Subcommittee would include, but not be limited to, providing oversight of the employee Defined Contribution Plans, record keeper fee, fund performance, participation rate, etc.

Commissioner Pernicano raised concern regarding a Record Keeper change without Board knowledge and requested that the Record Keeper change be included in updated language.

Commissioner Angier requested that Policies and Procedures (P&P) be put in place prior to authorization to establish a Subcommittee of the Pension and Investment Committee. Mr. Sprada stated that P&P would be similar to the investment policy.

Commissioner Berry suggested that Mr. Sprada work with Commissioner Williams to ensure that Board authority language be included.

Mr. Fernandez noted that Meketa Investment Group suggested moving from two (2) current recordkeepers, AIG VALIC (annuity platform) and Fidelity (mutual funds platform) to one (1) recordkeeper with the aim of reducing fees for employees. Noted that Board would be apprised of any Record Keeper change(s) in the future.

Mr. Sprada confirmed that the abovementioned language requests would be brought back to the Committee for further consideration.

Mr. Fernandez explained the purpose for a subcommittee is that the proposed subcommittee’s governance is constant, therefore Senior Management highly recommended that the
subcommittee be created as a means to not delay time sensitive decisions needed to reduce employee costs and ensuring that best investment options were provided.

Commissioner Waugh stated that in light of the Board’s fiduciary responsibility to the District, she recommended that language be included directing the Pension and Investment Subcommittee to provide a quarterly fund update to the Board.

It was noted that this item should be moved from Board Consent Agenda to the Board Discussion Agenda to ensure updated language and address raised concerns.

Ms. Epstein confirmed that motion had passed unanimously, however, it would be placed on May 25, Board Meeting Discussion Agenda, as requested.

Point of Order was made by Ms. Patricia Alfaro, Board Liaison, to correct motion language that inadvertently stated March 25, 2022, vs. May 25, 2022. Vice Chair Pernicano noted for the record and approved the Point of Order.

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

The Pension and Investment Committee recommend that the Board of Commissioners of the North Broward Hospital District authorize the District to establish a subcommittee of the Pension and Investment Committee to administer and oversee the District’s Defined Contribution Plans as more fully set forth in the document entitled, “Motion 05.2022, Authorization to Establish a Subcommittee of the Pension and Investment Committee to Administer and Oversee the District’s Defined Contribution Plans, dated May 25, 2022”, and where said document will be attached and incorporated in the minutes of the May 18, 2022 Pension and Investment Committee meeting.

Motion confirmed by roll call.

**YES** Commissioner Marie C. Waugh  
**YES** Commissioner Ray T. Berry, Vice Chair  
**YES** Commissioner Christopher J. Pernicano, Chair

Motion carried 3/0.

7. **ADJOURNMENT**

There being no further business on the agenda, the Chair adjourned the meeting at 4:20 p.m.

Respectfully submitted,  
Commissioner Christopher J. Pernicano, Secretary/Treasurer
Authorization to Establish a Subcommittee of the Pension and Investment Committee to Administer and Oversee the District’s Defined Contribution Plans.

May 25, 2022

Introduction

The North Broward Hospital District (the “District”), is a special district as defined under § 189.012(6), Florida Statutes, and was established by the Florida legislature in 1951 under ch. 27438, Laws of Florida, as recodified in ch. 2006-347, Laws of Florida, as amended (the “District’s Charter”);

The District is governed by the Board of Commissioners of North Broward Hospital District (the “Board”) with such powers, duties, and responsibilities granted to it under the District’s Charter;

Section 4(2) of the District’s Charter and § 218.415, Florida Statutes, authorizes the Board to invest any funds in the District’s control and possession in accordance with an investment policy approved by the Board which mandates prudent investment practices and the Board has established policies in accordance with the foregoing;

Section 19 of the District’s Charter authorizes the District to establish and create various employee annuity and retirement plans following approval by the Board via resolution and the Board via resolution has created various employee retirement plans including, without limitation, tax-sheltered annuity and defined contribution plans governed under § 403(b) of the Internal Revenue Code (26 U.S.C. § 403(b)), § 457(b) of the Internal Revenue Code (26 U.S.C. § 457(b)), and § 457(f) of the Internal Revenue Code (26 U.S.C. § 457(f)) (collectively, the “Defined Contribution Plans”);

The Board, in Section 3.12(c)(9) of the Board’s Codified Resolutions of the Board of Commissioners of the North Broward Hospital District (the “Codified Resolutions”) created the Pension and Investment Committee with oversight of the District’s investment activities, fund management, and self-insurance plans, as well as the District’s employee pension and retirement plans, including, without limitation, the Defined Contribution Plans;

Currently the District utilizes two (2) recordkeepers to administer the Defined Contribution Plans and the District wishes for the administration of the Defined Contribution Plans to be administered by one (1) recordkeeper consistent with the recommendations of the District’s investment advisor;

The Board wishes to further delegate certain responsibilities to a subcommittee created by the CFO to establish goals, strategies, objectives, guidelines, and constraints for administration of the Defined Contribution Plans in an effort to better assist the Board and the Pension and Investment Committee in their oversight duties, as well as to ensure the best and most appropriate options are available to officers and employees of the District; and

Unless context otherwise requires, capitalized terms used but not defined herein have the meanings ascribed to such terms in the Amended and Restated Bylaws of the North Broward Hospital District and its accompanying Codified Resolutions.

Authorization
NOW, THEREFORE, the Board of Commissioners of the North Broward Hospital District authorizes and finds that:

1. The above recitals are true and correct in every respect and are hereby incorporated herein by reference.

2. The CFO is hereby authorized and empowered to establish a subcommittee to the Pension and Investment Committee of the Board (the “Subcommittee”) to carry out the fiduciary responsibilities and delegations of authority conferred by this directive.

3. The Subcommittee is hereby delegated the authority, in accordance with prudent and best investment practices, to establish an Investment Charter and Investment Policy Statement governing and defining the Defined Contribution Plans’ goals, strategies, objectives, policies, guidelines, and constraints for administration of the Defined Contribution Plans in an effort to better assist the Board and the Pension and Investment Committee in their oversight duties.

4. The Subcommittee is hereby further delegated the duty to select the recordkeepers of the District’s Defined Contribution Plans and the duty to select the particular investment plan and fund options available to eligible participating officers and employees in consultation with an investment advisor to ensure the best and most appropriate investment options in the Defined Contribution Plans are available to officers and employees of the District.

5. The Subcommittee is hereby authorized and empowered in the name of, and on behalf of, the District, to take, or cause to be taken, any and all such further acts, deeds, and matters, to pay such fees and expenses, and to execute, file, and deliver, or cause to be filed and delivered, all such registrations, certifications, forms, notices, documents, and instruments, in each case, in such form and terms as the Subcommittee may approve and as may be deemed necessary or appropriate in order to fully carry out the purposes and intent of the foregoing (as conclusively evidenced by the taking of such action or the execution and delivery of such instruments, as the case may be), and any and all actions heretofore or hereafter taken by the Subcommittee in connection with the subject of the foregoing recitals and resolutions be, and each of them hereby is, ratified, confirmed, and approved in all respects as the act and deed of the District.

6. This authority hereby conferred shall take effect immediately upon the Board’s ratification.

7. This authority hereby supersedes, amends, replaces and repeals any conflicting resolution or conflicting policy previously adopted by the Board.

DULY ADOPTED this 25th day of May 2022.

Time Adopted 5:12 PM