

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

## **PENSION AND INVESTMENT COMMITTEE MEETING** **10:00 a.m., Wednesday, February 16, 2022**

The Pension and Investment Committee Meeting of the North Broward Hospital District was held on February 16, 2022, at the Broward Health Corporate Spectrum Location, 1700 NW 49<sup>th</sup> 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 Vice Chair Ray T. Berry at 10:07 a.m.

### **3. COMMITTEE MEMBERS**

*Present:*

Commissioner Marie C. Waugh  
Commissioner Ray T. Berry, Vice Chair

*Not Present:*

Commissioner Christopher J. Pernicano, Chair

*Senior Leadership*

*Additionally Present:*

Stacy L. Angier, 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 (via Teams)

### **4. PUBLIC COMMENTS**

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

### **5. APPROVAL OF MINUTES**

Without objection, Vice Berry approved the minutes, dated November 17, 2021.

Motion *carried* without dissent.

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## 6. TOPIC OF DISCUSSION

6.1. Review Private Equity Investments quarter ending 9/30/2021 (Presenter – Chris Lagan, Congress Asset Management Company)

Mr. Lagan gave a high-level portfolio review summary on the following:

- Both Unrestricted Fund and Employees' Pension continue to perform quite well:
  - o Returns are very strong for both funds, ahead of the comp set S&P 500 +300 basis points
  - o Record year for cash distributions in 2021: Unrestricted received \$19 million, Pension received \$11 million
  - o Portfolios are significantly de-risked: distributions to paid in capital at 90%
- Net Benefit is up significantly through December 31, 2021
  - o Unrestricted Fund estimated net benefit was \$54 million vs. \$36 million at year end 2020
  - o Pension estimated net benefit was \$35 million vs. \$25 million at year end 2020
- Both plans at, or slightly above 7.5% target allocation despite record cash returns
  - o Gains attributable to performance
  - o Some 2013 / 2014 funds are taking longer to liquidate than expected (approximately 30% of market value are in these vintages)
  - o Some 2020 funds investing capital quicker than anticipated
- Action items
  - o Recommend Unrestricted Fund approve \$10 million in commitments to 2022 vintage funds
  - o Commitments to be pledged to two very successful "follow-on" funds: Trivest Fund VII and Sentinel Capital Partners VII

Discussion ensued regarding the District committing to a plan to increase staff compensation, infrastructure and an overall growth & development plan.

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

**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 a commitment of up to \$10 million in Private Equity in the Unrestricted Fund for calendar year 2022.

Motion confirmed by roll call.

**YES** Commissioner Marie C. Waugh

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**YES** Commissioner Ray T. Berry, Vice Chair

Motion *carried* 2/0.

6.2. Review Investments (non-Private Equity) quarter ending 12/31/2021 (Presenter – Rosemary Guillette, Segal Marco Financial Advisors, Robert Hungerbuhler, Segal Marco Financial Advisors)

Segal Marco Financial Advisors representatives, Mr. Robert Hungerbuhler shared slides referencing the current global market performance through Fourth Quarter 2021, a summary of Broward Health’s investment returns, a quarterly synopsis, and index returns.

\*Item 6.2.2. Broward Pension Composite 4Q21 was heard prior to Item 6.2.1 Broward Unrestricted Composite 4Q21

6.2.2. Broward Pension Composite 4Q21

- Summary of Investment Returns
  - Quarterly Synopsis
  - Index Returns
- Asset Allocation Comparison as of 12/31/21
  - Target Allocations
  - Current Managers and Allocations
- Total Fund Allocation and Performance
  - Comparative Performance
  - Comparative Internal Rate of Return (IRR)
  - Total Fund Attribution Analysis
  - Total Fund Composite
  - All Public Plans – Total Fund
  - Total Fund Composite Risk Analysis
  - Total Fund Cash Flow History (since inception ending December 31, 2021)
  - Benchmark History
- Investment Manager Roster

Discussion ensued and it was requested that future composite presentations be reduced to a one page / quick reference report highlighting items such as Index, Performance, Net of Cost, etc.

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## 6.2.1. Broward Unrestricted Composite 4Q21

Mr. Robert Hungerbuhler provided a brief summary of the current global market performance through Fourth Quarter 2021, of Broward Health's investment returns, a quarterly synopsis, and index returns.

- Asset Allocation Comparison as of 12/31/21
  - Target Allocations
  - Current Managers and Allocations
  - Comparative Performance

## 6.2.3 Structural Review

Ms. Rosemary Guillette provided an overview of the Structural Review of the Fixed Income and Unrestricted Fund.

### 6.2.3.1 Fixed Income Review

Ms. Guillette shared slides referencing the following:

- Summary of the Fixed Income Pension Portfolio as of 12/31/21
- Portfolio Characteristics
- Asset Class Returns
- Navigating a Low Interest Rate World
- Inflation: Headwinds and Opportunity
- When do Treasury Inflation-Protected Securities (TIPS) Outperform
- Passive vs. Active Management
- 3% Plan Level TIPS Allocation
- Portfolio Comparison
- Segal Marcos' Recommendations of Money Managers (Baird Core Fixed Income; BlackRock SIO; Loomis Strategic Alpha)
- Pension Plan Takeaways
- Unrestricted Plan Takeaways
- Appendix: TIP Money Managers, performance, and related fees for recommended strategy.

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## 6.2.3.2 Equity Review

Ms. Guillette provided an overview of the Equity Portfolio Structure Review.

- Current Portfolio Structure – Pension Plan
  - Broward Domestic Equity Portfolio vs. Benchmark to Russell 3000) Relative Positioning
  - Overseas Benchmark Relative Positioning
  - Performance to 12/31/2021
- Current Portfolio Structure – Unrestricted Plan
- Observations on Manager Selection – U.S.
- Observations on Manager Selection – Non-U.S.
- Market Efficiency – Opportunity for Active Management

Ms. Guillette directed the committee to review the memorandum containing recommendations in connection with the structural review reports and new asset allocations.

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

**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 the hiring of State Street Global Advisors (“SSgA”) to manage the new U.S. Treasury Inflation Protected Securities (TIPS) Index Strategy for the Pension Fund, as presented by Rosemary Guillette, Segal Marco Advisors.

Motion confirmed by roll call.

**YES** Commissioner Marie C. Waugh

**YES** Commissioner Ray T. Berry, Vice Chair

Motion *carried* 2/0.

**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: (i) the termination of Columbia Threadneedle Large Cap Value Equity Fund in the Pension Fund, (ii) the reallocation of \$14.0 million from that fund to the Pension Fund's SSgA U.S. TIPS Index Strategy, and (iii) the reallocation of the balance of the fund to the Pension's Baird Core Fixed Income Fund, as presented by Rosemary Guillette, Segal Marco Advisors.

Motion confirmed by roll call.

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

Motion *carried* 2/0.

**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 the termination of Brown Advisory Large Cap Growth Strategy fund in the Pension Fund and the reallocation of that entire portfolio into the Pension's SSgA S&P 500 (ex-Tobacco) Index Fund, as presented by Rosemary Guillette, Segal Marco Advisors.

Motion confirmed by roll call.

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

Motion *carried* 2/0.

**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: (i) the termination of the Pension Fund assets of the Vanguard Developed Markets Index, (ii) the reallocation of \$14.0 million of those assets to the Pension Fund's Wellington International, and (iii) the reallocation of the balance of Vanguard Developed Market Index funds assets to the Pension's Baird Core Fixed Income Fund, as presented by Rosemary Guillette, Segal Marco Advisors.

Motion confirmed by roll call.

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

Motion *carried* 2/0.

**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 the reduction of the Pension Fund assets of the Westfield Capital Management fund by \$7.0 million and reallocation of those assets to the Pension's Blackstone Partners Offshore Fund, as presented by Rosemary Guillette, Segal Marco Advisors.

Motion confirmed by roll call.

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

Motion *carried* 2/0.

**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 the reduction of the Pension Fund assets of the Vanguard Extended Market Index Fund by \$7.0 million and the reallocation of those assets equally among the Pension's Vanguard Star fund and Vanguard Global Wellington fund, as presented by Rosemary Guillette, Segal Marco Advisors.

Motion confirmed by roll call.

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

Motion *carried* 2/0.

**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 the termination of Columbia Threadneedle Large Cap Value Equity Fund in the Unrestricted fund and the reallocation of that portfolio to the Unrestricted Fund's SSgA S&P 500 (ex-Tobacco) Index Fund, as presented by Rosemary Guillette, Segal Marco Advisors.

Motion confirmed by roll call.

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

Motion *carried* 2/0.

**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 the termination of Brown Advisory Large Cap Growth Strategy in the Unrestricted Fund and the reallocation of that entire portfolio to the Unrestricted Fund's SSgA S&P 500 (ex-Tobacco) Index Fund, as presented by Rosemary Guillette, Segal Marco Advisors.

Motion confirmed by roll call.

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

Motion *carried* 2/0.

**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 the termination of Vanguard Developed Markets Index Fund in the Unrestricted Fund and the reallocation of that entire portfolio to the Unrestricted Fund's Wellington Trust Company International Opportunities fund, as presented by Rosemary Guillette, Segal Marco Advisors.

Motion confirmed by roll call.

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

Motion *carried* 2/0.

## 6.2.4 Review and Approval of Investment Policy Statements

### 6.2.4.1 Pension Policy Review

Ms. Guillette highlighted the changes in light of the November 2021 Board approved selection of Asset Allocation Mix 1 for the Broward Pension.

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

**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 the February 24, 2021 Amended and Restated Investment Policy Statement of the North Broward Hospital District dba Broward Health Employees' Pension Plan, as presented by Rosemary Guillette, Segal Marco Advisors.

Motion confirmed by roll call.

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

Motion *carried* 2/0.

### 6.2.4.2 Unrestricted Policy Review

Ms. Guillette highlighted that there were no changes to the Unrestricted Policy

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**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 the February 24, 2021 Amended and Restated Investment Policy Statement of the North Broward Hospital District dba Broward Health Unrestricted Funds Investment Policy, as presented by Rosemary Guillette, Segal Marco Advisors.

Motion confirmed by roll call.

**YES** Commissioner Marie C. Waugh

**YES** Commissioner Ray T. Berry, Vice Chair

Motion *carried* 2/0.

## 7. **ADJOURNMENT**

There being no further business on the agenda, the Chair adjourned the meeting at 12:00 p.m.

Respectfully submitted,  
Commissioner Christopher J. Pernicano, Secretary/Treasurer