

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

PENSION AND INVESTMENT COMMITTEE MEETING **Immediately Following the Audit Committee Meeting** **Wednesday, February 17, 2021**

The Pension and Investment Committee Meeting of the North Broward Hospital District was held on February 17, 2021, immediately following the Audit Committee Meeting, 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 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 Stacy L. Angier at 11:20 a.m.

3. COMMITTEE MEMBERS

Present:

Commissioner Ray. T. Berry
Commissioner Marie C. Waugh, Vice Chair
Commissioner Stacy L. Angier, Chair

*Senior Leadership
Additionally Present:*

Nancy W. Gregoire, Commissioner
Alan Goldsmith, Chief Operating Officer
Alex Fernandez, Chief Financial Officer
Linda Epstein, Corporate General Counsel
Jerry Del Amo, Deputy General Counsel

4. PUBLIC COMMENTS

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

5. APPROVAL OF MINUTES

Without objection, Chair Angier approved the minutes, dated December 16, 2020.

Motion *carried* without dissent.

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6. TOPIC OF DISCUSSION

6.1. Committee Meeting Structure

Chair Angier shared her recommendation regarding what a good structure would be for the Pension and Investment Committee meetings moving forward.

In an effort to spend adequate time reviewing Broward Health's investment activity and review the employees' pension plan, the committee would continue to meet quarterly in the months of February, May, August, and November.

To adequately address the abovementioned matters, money managers would be allotted an extension of time not to exceed two hours, including q & a from the committee. In addition, the Human Resource Department could provide updates on the 403(b) and 457(b) deferred compensation plans as appropriate.

Chair Angier also stated that the committee would like to invite one investment manager per meeting to present, starting with the managers that were not performing well. She further suggested that the presentations take place at the May, August, and November meetings, as annual reviews and asset allocation reviews are held at the February meeting. Said meetings should not exceed a two-hour format and private equity fund managers would be scheduled as necessary.

The Committee additionally requested that a high-level summary be provided, highlighting significant information within the Segal Marco and Congress presentations, and that the quarterly performance analysis book be provided in hard copy prior to the meetings for committee review.

*Item 6.4, Review Private Equity Investments quarter ending 9/30/2020 was heard prior to Item 6.2, Review Investments (non-Private Equity) quarter ending 12/31/2020

6.4. Review Private Equity Investments quarter ending 9/30/2020 (Presenter – Chris Lagan, Congress Asset Management)

Mr. Lagan and Ms. Elie each gave brief summaries of the slide presentation for the items listed below. (For more detail on the above mentioned, please see pages 680 through 700 of the Pension and Investment Meeting Book.)

- Unrestricted Funds
 - Valuation Summary
 - Performance
- Pension Fund
 - Valuation Summary
- Commitments Year-to-Date

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- Unrestricted Funds
- Pension Fund
- Action Items
 - Recommendation: Approve \$10 million in 2021 Vintage commitments.

Discussion ensued as to whether it was in the best interest of the District to commit \$10-million to 2021 Vintage Funds.

WALK-ON 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 up to \$10 Million in 2021 Vintage Commitments for the Unrestricted Fund.

Motion confirmed by roll-call vote:

YES Commissioner Ray. T. Berry

YES Commissioner Marie C. Waugh, Vice Chair

YES Commissioner Stacy L. Angier, Chair

Motion *carried* 3/0.

- 6.2. Review Investments (non-Private Equity) quarter ending 12/31/2020 (Presenter – Rosemary Guillette, Segal Marco Financial Advisors) (For composite report details, please see pages 7 through 36 of the Pension and Investment Meeting Book.)

Ms. Guillette shared slides with the committee showing a positive market trend in terms of growth within the last quarter. She also noted that Broward Health was in line with its polices, which is part of good governance.

- Financial Market Conditions
- Total Fund
- Investment Manager Roster

6.2.1. Broward Unrestricted Composite 4Q20

Ms. Guillette presented the Unrestricted Summary, as of December 31, 2020, which had a positive increase from \$625 million to \$695 million for the year.

The Unrestricted Fund was at \$ 695,203,243 at the end of December 2020.

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*Item 6.2.2, Broward Pension Composite 4Q20 was heard prior to Item 6.2.1.1, Rebalancing Recommendation

6.2.2. Broward Pension Composite 4Q20 (For details, please see pages 7 through 36 of the Meeting Book.)

Ms. Guillette presented the Pension Summary, as of December 31, 2020, which had a positive increase from \$394 million to \$419 million for the year.

The Pension Fund was at \$ 419,882,498 at the end of December 2020.

There were no rebalancing recommendations for the Pension Fund.

6.2.1.1 Rebalancing Recommendation

Recommendations were made, as seen below, in an effort to better align the Pension Fund with Broward Health's targets.

- Reduce Brown by \$14 million
- Reduce Westfield by \$6 million.
- Reduce Vanguard Extended Market by \$6 million.
- Reduce Wellington by \$10 million.
- Increase Baird by \$10 million.
- Increase Blackstone by \$8 million.
- Increase Vanguard Star \$9 million.
- Increase Vanguard Global by \$9 million.

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

That the Pension and Investment Committee recommend that the Board of Commissioners of the North Broward Hospital District approve the rebalancing the District's Unrestricted Funds in accordance with Ms. Rosemary Guillette's of Segal Marco Financial Advisers recommendations.

Motion confirmed by roll-call vote:

YES Commissioner Ray. T. Berry

YES Commissioner Marie C. Waugh, Vice Chair

YES Commissioner Stacy L. Angier, Chair

Motion *carried* 3/0.

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6.3. Review and approval of Investment Policy Statements (IPS), including Asset Allocation (Presenter – Rosemary Guillette, Segal Marco Financial Advisors) (For detail, please see pages 404 through 679 of the Meeting Book.)

Ms. Guillette highlighted the significant changes that occurred to the Investment Policy Statements:

- Updated references to applicable Florida Statutes.
- Updated actuarial assumption from recent report.
- Updated customized index.
- Illiquid investments.
- Updated benchmark for hedge fund of funds.
- Clarified use of institutional mutual funds.
- Added watch list procedure.
- Added termination criteria.
- Quarterly reporting.
- Actuarial valuation requirements.
- Reporting requirements for liquid investments.
- Updated conflict of interest policy consistent with Florida Statutes.

Ms. Guillette shared the Asset Allocation review; in which she highlighted the reasons why asset allocation is important. (For details, please see pages 380 through 391 of the Meeting Book.)

6.3.1. Broward Unrestricted IPS

6.3.2. Broward Pension Fund IPS

MOTION It was *amended* 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 Amended Unrestricted Investment Policy Statement, the Pension Fund Investment Policy Statements, and the Asset Allocation, as presented.

Motion confirmed by roll-call vote:

YES Commissioner Ray. T. Berry

YES Commissioner Marie C. Waugh, Vice Chair

YES Commissioner Stacy L. Angier, Chair

Motion *carried* 3/0.

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7. ADJOURNMENT

There being no further business on the agenda, the Chair adjourned the meeting at 12:54 p.m.

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

APPROVED