

North Broward Hospital District Board of Commissioners
1601 South Andrews Avenue, Suite 100, Fort Lauderdale, FL 33316

PENSION AND INVESTMENT COMMITTEE MEETING

10:00 a.m., Wednesday, November 30, 2022

The Pension and Investment Committee Meeting of the North Broward Hospital District was held at the Broward Health Sports Medicine Building, 1601 South Andrews Avenue, Suite 100, Fort Lauderdale, FL 33316.

1. NOTICE OF MEETING

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 10:07 a.m.

3. ROLL CALL

Present:

Commissioner Ray T. Berry
Commissioner Paul C. Tanner, Vice Chair
Commissioner Christopher J. Pernicano, Chair

Additionally Present:

Stacy L. Angier, Commissioner
Nancy W. Stamper, Commissioner
Levi G. Williams, Jr., Commissioner
Shane Strum, President, Chief Executive Officer
Alan Whaley, EVP/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

5.1. Approval of Pension and Investment Committee Meeting Minutes dated August 23, 2022

Without objection, Chair Pernicano approved the minutes, dated August 23, 2022.

Motion *carried* without dissent.

North Broward Hospital District Board of Commissioners
1601 South Andrews Avenue, Suite 100, Fort Lauderdale, FL 33316

6. TOPIC OF DISCUSSION

- 6.1. Review Investments (non-Private Equity) quarter ending 9/30/2022 (Presenter – Robert Hungerbuhler, Segal Marco Financial Advisors, Rosemary Guillette, Segal Marco Financial Advisors)

Segal Marco Financial Advisors representative, Rosemary Guillette, provided the following high-level overview of the quarter in review market conditions:

- World equity markets were negative once again. Fears over inflation, slowing growth, and the Ukraine conflict weighed on stocks.
- U.S. equities declined. Two more Federal Reserve rate hikes aimed at combating inflation and uncertainty surrounding the Russia/Ukraine conflict helped lead stocks lower.
- International equities also fell sharply, as high inflation persisted and energy supply concerns grew with the Russia/Ukraine conflict.
- Emerging market equity declined with rising rates, ongoing US dollar strength and continuing inflation concerns.
- U.S. fixed income was negative. Two more interest rate hikes and the Fed's indications for more hikes in the future hurt Treasuries.
- Non-U.S. fixed income fell. The European Central Bank raised rates in both July and September.
- Hedge funds posted a more minor gain. Macro strategies performed best in the quarter.
- Commodities declined as well, with industrial and precious metals both tumbling.

6.1.1. Broward Unrestricted Composite 3Q22

Segal Marco Financial Advisors representative, Robert Hungerbuhler, spoke to the following of the Unrestricted Composite 3Q22:

- Unrestricted Compliance Report
 - Total Fund Composite
 - Allocation
 - Performance Net of Fees (%); and
 - Net Investment Change Since Inception (\$000)

Mr. Hungerbuhler noted strong plan performance and Peer Ranking (i.e., Total Fund Universe Ranking – All Healthcare) given the difficult and challenging market over the past 10-years. Discussion ensued regarding current asset allocation, relative targets and 5, 10, 15 and 20-year projections of said investments.

North Broward Hospital District Board of Commissioners
1601 South Andrews Avenue, Suite 100, Fort Lauderdale, FL 33316

It was requested that for the next quarterly meeting, a review be presented to include the District's current asset allocation, fund / money manager performance(s) and any proposed recommendations needed to further improve plan performance.

6.1.2. Broward Pension Composite 3Q22

Mr. Hungerbuhler, spoke to the following of the Pension Composite 3Q22:

- Pension Compliance Report
 - Total Fund Composite
 - Allocation
 - Performance Net of Fees (%); and
 - Net Investment Change Since Inception (\$000)

Discussion ensued regarding Environmental Social and Governance (ESG), which is a set of standards for a company's behavior used by socially conscious investors to screen potential investments. It was requested that at the next quarterly meeting Segal Marco provide a review of the types of ESG funds were incorporated in the investment philosophy.

- Pension Composite Report
 - Total Fund Cash Flow History (circa 1993).

6.2. Review Private Equity Investments quarter ending 9/30/2022 (Preliminary) (Presenter – Chris Lagan, Congress Asset Management)

Mr. Lagan provided the following high-level summary:

- Both Unrestricted Fund and Employees' Pension continue to perform quite well:
 - Returns remain strong for both funds, ahead of the comp set S&P 500 +300 basis points
 - Healthy distributions YTD: Unrestricted received \$17 million (1.9x cost), Pension received \$10 million (2.1x cost)
 - Cumulative Net Benefit is estimated at record mark September 30, 2022:
 - Unrestricted Fund estimated net benefit was \$65 million vs. \$59 million at year end 2021 (\$36 in 2020)
 - Pension estimated net benefit was \$45 million vs. \$39 million at year end 2021 (\$25 in 2020)
- Both Unrestricted Fund and Employees' Pension continue to perform quite well:
 - Gains attributable to performance
 - Pull back in public equities and fixed income

North Broward Hospital District Board of Commissioners
1601 South Andrews Avenue, Suite 100, Fort Lauderdale, FL 33316

- Some 2013 / 2014 funds are taking longer to liquidate than expected (approximately 25% of market value are in these vintages)
- Some 2020 funds investing capital quicker than anticipated

- Recent Actions
 - No additional commitments in 3Q22 to remain within allocation target
 - Distributions are slowing as expected in 3Q22
 - Evaluating LCM Healthcare Fund opportunity for potential partial liquidity (\$1.0 - \$1.5 million return)

Mr. Lagan invited Mr. Dean Raymond, Analyst with Congress Asset Management, who reviewed the following:

- Quartile Analysis
- Unrestricted Fund Portfolio Review Performance (estimated)

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

7. **ADJOURNMENT**

There being no further business on the agenda, the Chair adjourned the meeting at 11:21 a.m.

Respectfully submitted,
Commissioner Paul C. Tanner, Secretary/Treasurer