

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

PENSION AND INVESTMENT COMMITTEE MEETING
12:30 pm, Wednesday, November 17, 2021

The Pension and Investment Committee Meeting of the North Broward Hospital District was held on November 17, 2021, 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 12:39 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
Alan Goldsmith, EVP, Chief Operating Officer
Alex Fernandez, SVP, Chief Financial Officer
Linda Epstein, Corporate General Counsel

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4. PUBLIC COMMENTS

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

5. APPROVAL OF MINUTES

Without objection, Chair Pernicano approved the minutes, dated August 18, 2021.

Motion *carried* without dissent.

6. TOPIC OF DISCUSSION

- 6.1. Update on 403(b) and 457(b) plans (Presenter – Mark Sprada, SVP and Chief Human Resource Officer)

Mr. Sprada provided the Pension & Investment Committee with an update following the June 23, 2021 Human Resources Committee as it relates to the 403(b) and 457(b) Plan. He reported that following the District's procurement process, Meketa Investment Group was selected as investment consultants for the North Broward Hospital District. Meketa will be assisting with setting up governance and internal committees as a means to present a recommendation to the Pension and Investment Committee for an investment policy that will guide the 403(b) and 457(b) plans at the February 16, 2022 Pension and Investment Committee Meeting.

It was further noted that Meketa's scope included a reduction in fees for employees and coordination of a benchmarking study to move from the two (2) current recordkeepers, AIG VALIC (annuity platform) and Fidelity (mutual funds platform) to one (1) recordkeeper. Once finalized, a robust communication plan of changes and updates will be shared to existing and retired employees.

- 6.2. Resolution FY22-11 Resolution Adopting an Unfunded Nonqualified Deferred Compensation Plan (Presenter – Mark Sprada, SVP and Chief Human Resource Officer)

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 Resolution FY22-11 Resolution Adopting an Unfunded Nonqualified Deferred Compensation Plan, as presented.

Motion confirmed by roll call.

YES Commissioner Marie C. Waugh

YES Commissioner Ray T. Berry, Vice Chair

YES Commissioner Christopher J. Pernicano, Chair

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Motion *carried* 3/0.

6.3. 457(f) Non-qualified Deferred Compensation Plan Adoption Agreement (Presenter – Mark Sprada, SVP and Chief Human Resource Officer)

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 enter into a 457(f) Nonqualified Deferred Compensation Plan Adoption Agreement, as presented.

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.

6.4. Review Private Equity Investments quarter ending 6/30/2021 (Presenter – Chris Lagan, CFA, Managing Director / COO, Congress Asset Management Company)

Mr. Lagan reported 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 Portfolios are significantly de-risked: distributions to paid in capital at 90%
- Net Benefit is up significantly
 - o Unrestricted Fund estimated net benefit of \$46 million vs. \$32 million at 3Q20 and \$27 million 3Q19
 - o Pension estimated net benefit of \$29 million vs. \$22 million at 3Q20 and \$20 million 3Q19
- Additional commitment approved for 2021 are fully allocated, both plans at or slightly above 7.5% target allocation
 - o Unrestricted Fund authorized \$10 million for 2021 commitments, allocated \$9.5 million
 - o Employees' Pension Fund fully allocated for time being
 - o New commitments made since 2018 reversed four years of net outflows.
 - o Not recommending any new funds for 2022

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- Challenges / Action items
 - o Monitoring allocation: Some 2013 /2014 funds are taking longer to liquidated than expected
 - o Could exceed 7.5% target in 1Q22, but stay within acceptable allocation band
 - o Watch list is stable (two funds)

For further detail, related slides are available within the November 17, 2021 Pension and Investment Committee Meeting book on the Board of Commissioners' webpage.

6.5. Review Investments (non-Private Equity) quarter ending 9/30/2021 (Presenter – Rosemary Guillette, Segal Marco Financial Advisors)

Ms. Guillette shared slides referencing the current global market performance through Q3 2021, a summary of Broward Health's investment returns, a quarterly synopsis, and index returns.

For further detail, related slides are available within the November 17, 2021 Pension and Investment Committee Meeting book on the Board of Commissioners' webpage.

6.5.1. Broward Pension Composite 3Q21

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

The Pension and Investment Committee recommend that the Board of Commissioners of the North Broward Hospital District approve the Asset Allocation Mix 1 for the Pension Fund included in the Asset Allocation Analysis as presented by Rosemary Guillette, Segal Marco Advisors.

Although Commissioner Williams is not a member of the Pension and Investment Committee, he requested that the meeting go into recess at 2:11 p.m., so that he could tend to personal business and return to be present for discussion related to item 6.5.1. Subsequently, the Pension and Investment Committee reconvened at 2:24 PM.

Discussion ensued and it was requested that a broad strategic visioning / budget workshop be scheduled to outline a comprehensive staged re-investment of the District's four facilities by use of the 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.

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6.5.2. Broward Unrestricted Composite 3Q21

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 unchanging of the Asset Allocation Mix for the Unrestricted 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

YES Commissioner Christopher J. Pernicano, Chair

Motion *carried* 3/0.

6.5.3. Asset Allocation Review

*Note, Ms. Guillette shared slides to this item earlier in the meeting (prior to the committee's vote on items 6.5.1 and 6.5.2) referencing the Asset Allocation Review, a summary of Broward Health's 20-year capital market assumptions for the North Broward Hospital District Pension Fund and the North Broward Hospital District Unrestricted Fund.

7. **ADJOURNMENT**

There being no further business on the agenda, the Chair adjourned the meeting at 2:50 p.m.

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