



**Minutes of the Open Session of the
Investment Committee of the
El Camino Hospital Board of Directors
Monday, February 8, 2021**

El Camino Hospital, 2500 Grant Road, Mountain View, California

Members Present

Brooks Nelson, Chair**
Nicola Boone**
John Conover**
Peter Fung, MD**
Richard Juelis**

Members Absent

****via teleconference**

Staff Present

Carlos Bohorquez, CFO**
Dan Woods, CEO**

Agenda Item	Comments/Discussion	Approvals/ Action
1. CALL TO ORDER	The open session meeting of the Investment Committee of the El Camino Hospital Board of Directors (the "Committee") was called to order at 5:30 pm by Chair Brooks Nelson. A verbal roll call was taken. All members were present and participated telephonically. A quorum was present pursuant to State of California Executive Orders N-25-20 dated March 12, 2020 and N-29-20 dated March 18, 2020.	
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Nelson asked if any Committee member or anyone in the audience believes that a Committee member may have a conflict of interest on any of the items on the agenda. No conflict of interest was reported.	
3. PUBLIC COMMUNICATION	There were no comments from the public.	
4. CONSENT CALENDAR	<p>Chair Nelson asked if any Committee member wished to remove any items from the consent calendar for discussion. No items were pulled.</p> <p>Motion: To approve the consent calendar: (a) Open Minutes of the November 9, 2020 Investment Committee Meeting, and for information; (b) Article of Interest, (c) CFO Report Out – Open Session FC Materials (d) Progress Against FY2021 IC Goals, (e) FY21 Pacing Plan</p> <p>Movant: Boone Second: Juelis Ayes: Boone, Conover, Fung, Juelis, Nelson Noes: None Abstentions: None Absent: None Recused: None</p>	Consent Calendar approved
5. REPORT ON BOARD ACTIONS	Peter Fung, MD reported on Board Actions presented in the materials. He reported that new District board member, Carol Somersille, MD, will be a part of this committee. He also reported that the District had approved \$100,000 in funding for the COVID-19 vaccinations. Lastly, Dr. Fung announced that there was a vacancy on the Hospital Board and the District would be having an Ad Hoc Committee meeting for such recruitment, selection, and proposal for the District Board. There were no questions about the Report on Board Actions.	
6. PROPOSED FY2022 GOALS/PACING	Carlos Bohorquez, CFO, reported on the proposed FY2022 materials. He stated that the presented Pacing Plan is only a draft and is open for questions	

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<p>PLAN/MEETING DATES</p>	<p>and comments. He stated that the FY2022 Goals would be proposed in the next meeting. He suggested that the committee members review the dates and pacing plan to be approved next meeting and any afterthoughts can be emailed to him directly.</p>	
<p>7. ROTATING TOPICS</p>	<p>Capital Markets Review and Portfolio Performance & Tactical Asset Allocation Positioning and Market Outlook</p> <p>Antonio DiCosola and Chris Kuhlman from Pavilion, a Mercer Practice, reported the following on Capital Markets Review and Portfolio Performance:</p> <ul style="list-style-type: none"> ➤ Following a strong economic rebound during the summer, the global economy slowed during the fourth quarter, as pandemic-related restrictions gradually returned to most major regions. However, the restrictions and economic impact were not as severe as in early 2020. ➤ Fiscal and monetary policy remained highly accommodative, with the US Congress passing further stimulus and the Federal Reserve indicating it will keep rates near zero until at least 2023. ➤ Political risks have likely faded with the outcome of the 2020 election confirmed. ➤ Global equities extended their rebound during Q4, with the MSCI ACWI index gaining 14.7% for the quarter and finishing the year with a 16.3% gain. ➤ Within equities, during the fourth quarter value outperformed growth, small-caps outperformed large-caps, and developed international and emerging markets outperformed the U.S. ➤ Broad fixed income generated modest positive returns during the quarter with corporate bonds outperforming treasuries. The Bloomberg Barclays US Aggregate Index returned 0.7%. The yield curve steepened, with 3-month yields basically flat, while 10- and 30-year yields rose by 24 bps and 19 bps, respectively. ➤ Both El Camino Hospital portfolios generated positive absolute and relative results during the fourth quarter. The Surplus Cash portfolio was up 8.5% versus 8.0% for its benchmark and the Cash Balance Plan was up 11.2% versus 9.2% for its benchmark. For calendar year 2020, the portfolios returned approximately 11.7% and 15.1%, respectively. ➤ Relative outperformance was driven by favorable manager results, particularly in equity. International value manager Causeway and large-cap growth manager Sands were the top relative performers during the quarter, outpacing their benchmarks by 10.3% and 6.7%, respectively. ➤ During the fourth quarter, Surplus Cash committed \$20 million to Oaktree Opportunities Fund XI, of which \$2 million had been called as of January 2021. ➤ Also within Surplus Cash, on December 1, 2020 new hedge fund strategies Voya Mortgage and Capstone Volatility each received initial contributions of \$15 million, while Wolverine received a \$5 million additional contribution on November 1, 2020. ➤ Within Cash Balance, a \$6.0 million additional investment in Lighthouse was made as of November 1, 2020 to bring the alternatives allocation back within the policy range. ➤ Pavilion presented their Investment Outlook. <p>In response to committee members' questions, Mr. DiCosola stated that Pointer had exposure to funds impacted by the short squeeze of GameStop</p>	

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	<p>shares and noted a squeeze of such magnitude is less likely going forward as managers are expected to tighten up their risk controls. In regards to performance dispersion between the Surplus Cash and Cash Balance hedge fund portfolios, it was explained that Cash Balance hedge fund of funds portfolio has higher net exposure, while the Surplus Cash direct hedge fund portfolio is more diversified. The Committee noted the strong liquidity profile of the Surplus Cash portfolio and discussed adding to private investments. This will be considered in the next asset allocation and enterprise risk framework.</p>	
<p>8. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 6:43 pm. Movant: Boone Second: Conover Ayes: Boone, Conover, Fung, Juelis, Nelson Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Adjourned to closed session at 6:43 pm</i></p>
<p>9. AGENDA ITEM 12: RECONVENE OPEN SESSION/REPORT OUT</p>	<p>The open session reconvened at 6:55 pm. Agenda Items 9-11 were covered in closed session.</p>	
<p>10. AGENDA ITEM 13: CLOSING COMMENTS</p>	<p>There were no closing comments.</p>	
<p>11. AGENDA ITEM 14: ADJOURNMENT</p>	<p>Motion: To adjourn at 6:56 pm. Movant: Conover Second: Fung Ayes: Boone, Conover, Fung, Juelis, Nelson Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Meeting adjourned at 6:56 pm</i></p>

Attest as to the approval of the Foregoing minutes by the Investment Committee of the Board of Directors of El Camino Hospital:

DocuSigned by:


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 Brooks Nelson
 Chair, Investment Committee