



**Minutes of the Open Session of the
Investment Committee of the
El Camino Hospital Board of Directors
Monday, May 10, 2021**

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

Members Present

Brooks Nelson, Chair**
Nicola Boone**
John Conover**
Richard Juelis**
Carol Somersille, MD**

Members Absent

Peter Fung, MD**

**via teleconference


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 except for Peter Fung, MD. 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 from the consent calendar.</p> <p>Motion: To approve the consent calendar: (a) Minutes of the Open Session of Investment Committee Meeting on February 8, 2021 (b) Minutes of the Open Session of the Joint Finance and Investment Committee Meeting on January 25, 2021 and for information; (c) Article of Interest, (d) CFO Report Out – Open Session FC Materials (e) Progress Against FY2021 IC Goals, (f) FY2021 Pacing Plan</p> <p>Movant: Conover Second: Juelis Ayes: Boone, Conover, Juelis, Nelson, Somersille Noes: None Abstentions: None Absent: Fung Recused: None</p>	<i>Consent Calendar approved</i>
5. REPORT ON BOARD ACTIONS	<p>In the absence of Peter Fung, MD. Carlos Bohorquez, Chief Financial Officer presented the report on Board on Actions on his behalf and highlighted the following:</p> <ul style="list-style-type: none"> • Mr. Bohorquez stated we have started our review of our strategic plan with the help of McKinsey & Company, with the estimated completion timeline of late summer. 	

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	<ul style="list-style-type: none"> • Two Board Educations were held in month of April. • Mr. Bohorquez also stated from a finance standpoint he is in the process of developing a 10 year financial / capital projections which initially start with a baseline scenario (status quo) and will ultimately include the strategies, needed capital investments and the ROI on the strategies / capital. 	
<p>6. 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"> • Equities maintained their upward momentum during the quarter, as the improving pace of vaccinations in developed economies drove optimism that restrictions on activities will continue to be gradually lifted as the year progresses. This is likely to unleash a wave of pent up demand given the elevated household savings rate during the pandemic. • This contributed to a shift in sentiment away from the technology heavy “stay-at-home” stocks that had outperformed during the early recovery toward more cyclical sectors that should benefit from re-openings. Similarly, optimism on reopening (combined with policy support) led to an increase in rates alongside inflation concerns. • In the US, Congress passed its third pandemic-related fiscal passage (\$1.9T), and discussion has begun on an additional infrastructure related fiscal package. The Federal Reserve kept short-term borrowing rates near zero and remains committed to maintaining its bond buying program until the economy reaches full employment. While the Fed’s dot plot continues to suggest no rate increases through 2023, a few committee members have increased their 2022 and 2023 projections. • Global equities continued to move higher in Q1, with the MSCI ACWI index gaining 4.6% for the quarter and 54.6% over the past year. • Within equities, during the first quarter value outperformed growth, small-caps outperformed large-caps, and the U.S. outperformed developed international and emerging markets. • Broad fixed income generated relatively significant losses during the quarter as a result of rising yields. The Bloomberg Barclays US Aggregate Index declined -3.4% with treasuries slightly outperforming corporate bonds. The yield curve steepened, with 3-month yields declining 8 bps, while 10- and 30-year yields rose by 81 bps and 76 bps, respectively. • Both El Camino Hospital portfolios generated gains during the first quarter, while relative results were mixed. The Surplus Cash portfolio was up 1.7% versus 1.6% for its benchmark and the Cash Balance Plan was up 2.0% versus 2.3% for its benchmark. Over the trailing one-year period, the portfolios returned 26.9% and 35.3%, respectively. • Both portfolios benefited from asset allocation positioning, specifically an overweight to equities and underweight to fixed income. Manager results were mixed. International value manager Causeway and U.S. large cap value manager Barrow Hanley were the 	

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	<p>top relative performers, outpacing their benchmarks by 3.4% and 1.8%, respectively.</p> <ul style="list-style-type: none"> It was noted that the portfolios were rebalanced in April to trim the overweight to U.S. large cap equity, with the proceeds going to emerging markets equity and fixed income. Pavilion presented a recommendation for a new Surplus Cash hedge fund investment, Davidson Kempner Institutional Partners Fund. The Investment Committee cited no concerns. Pavilion and ECH management will move forward with funding the new investment. <p>In response to Committee members' questions, Pavilion noted they still have conviction in Wellington small cap value despite recent performance struggles. Members of the Committee expressed interest in exploring ways to invest additional funds in private equity.</p>	
<p>7. 403 (b) INVESTMENT PERFORMNACE</p>	<p>Brian Montanez, Multnomah Group presented the annual report of the 403(b) Plan investments and fees. Mr. Montanez highlighted the following:</p> <p>Introduction:</p> <ul style="list-style-type: none"> Multnomah Group provides the following: as an ERISA 3(21) Investment Fiduciary to the Plan, Multnomah Group reviews the investment menu with El Camino Hospital Retirement Plan Administration Committee (RPAC) on a quarterly basis. Additionally, Multnomah Group Conducts an annual fee benchmarking and share class study for the Plan. <p>Fee Benching:</p> <ul style="list-style-type: none"> As of December 31, 2020, Fidelity charges \$72 per unique participant with an account balance, annually. To meet this requirement Fidelity collects revenue generated from the investment menu. Any excess revenue generated from the plan is deposited into a revenue credit account to be returned to participants or used to pay allowable plan expenses. Multnomah Group has determined the Peer Group Range to be \$55.00 - \$90.00. <p>Share Class Review:</p> <ul style="list-style-type: none"> At the Q3, 2020 RPAC meeting, the Committee approved a share class change for the American Funds Europacific Growth from the R4 share class to the R6 share class reducing the expense ratio from 0.84% to 0.49%. The remaining investments are invested in the lowest share class available to the Plan at this time that meets the agreed compensation requirements. Multnomah Group has recommended that the Committee consider moving to a Fee Levelization strategy to pay for plan services. <p>Fund Actions:</p> <ul style="list-style-type: none"> As of August, 2020, Multnomah Group has removed T. Rowe Price Retirement Funds from the Watch List after a successful implementation of changes is to the glidepath, increasing equity allocations for the youngest and oldest savers and adding two new strategies, T. Rowe Price U.S. Large-Cap Core and T. Rowe Price Emerging Markets Discovery Stock, to the array of underlying funds. In addition, T. Rowe Price is restructured the series 'expenses, resulting in lower expense ratios for some investors. 	

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8. FY2022 COMMITTEE PLANNING	<p>Dr. Somersille suggested to add an Education Discussion Topic regarding Diversity Portfolio, topic will be added to the August meeting</p> <p>Ms. Boone suggested to revisit the topic of Private Equity, topic to be added to the August meeting.</p> <p>Motion: To approve the FY2022 Committee Planning: proposed dates, committee goals and pacing plan.</p> <p>Movant: Boone Second: Juelis Ayes: Boone, Conover, Juelis, Nelson, Somersille Noes: None Abstentions: None Absent: Fung Recused: None</p>	
9. ADJOURN TO CLOSED SESSION	<p>Motion: To adjourn to closed session at 6:55 pm.</p> <p>Movant: Boone Second: Julies Ayes: Boone, Conover, Juelis, Nelson, Somersille Noes: None Abstentions: None Absent: Fung Recused: None</p>	<i>Adjourned to closed session at 6:55 pm</i>
10. AGENDA ITEM 14: RECONVENE OPEN SESSION/REPORT OUT	<p>The open session reconvened at 7:28 pm. Agenda Items 11-12 were covered in closed session and the Committee approved the consent calendar by a unanimous vote of all members present</p>	
11. AGENDA ITEM 15: CLOSING COMMENTS	<p>There were no closing comments.</p>	
12. AGENDA ITEM 16: ADJOURNMENT	<p>Motion: To adjourn at 7:29 pm.</p> <p>Movant: Boone Second: Juelis Ayes: Boone, Conover, Juelis, Nelson, Somersille Noes: None Abstentions: None Absent: Fung Recused: None</p>	<i>Meeting adjourned at 7:29 pm</i>

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

Prepared by: Samreen Salehi, Executive Assistant Administrative Services