



**Minutes of the Open Session of the
Investment Committee of the
El Camino Hospital Board of Directors
Monday, May 08, 2023**

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

Members Present

Brooks Nelson, Chair
Nicki Boone
John Conover
Robin Driscoll
Ken Frier
Peter Fung, MD
John Zoglin

Members Absent

**via teleconference

Staff/ Guest Present

Carlos Bohorquez, Chief Financial Officer
Dan Woods, Chief Executive Officer
Michael Walsh, Controller
Pierre Zamorano, Managing Partner, Veloz Partners
Kevin Novak, Senior Consultant, NEPC
Sam Austin, Partner NEPC**
Stephanie Iljin, Manager of Administration Services

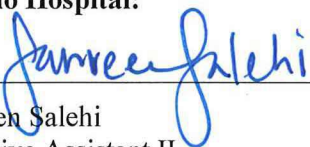
Agenda Item	Comments/Discussion	Approvals/Action
1. CALL TO ORDER	The open session meeting of the Investment Committee of the El Camino Hospital Board of Directors (the “Committee”) was called to order at 5:30 pm by Chair Brooks Nelson. A verbal roll call was taken. All members were present at roll call and participated in person except. 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. CONSIDER APPROVAL OF AB 2449 REQUEST	No motion required. All committee members attended in person for this session.	
3. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Chair Nelson asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
4. PUBLIC COMMUNICATION	There were no comments from the public.	
5. 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 the Investment Committee Meeting on (02/13/2023) and for information; (b) Article(s) of Interest, (c) FY2023 Pacing Plan (d) Progress Against FY2023 IC Goals (e) Report on Board Actions</p> <p>Movant: Boone Second: Zoglin Ayes: Boone, Conover, Driscoll, Frier, Fung, Nelson, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	Consent Calendar Approved

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<p>6. CFO REPORT OUT</p>	<p>Carlos Bohorquez, Chief Financial Officer presented the YTD FY2023 Operational/ Financial Results (as of 03/31/2023), and highlighted the following:</p> <ul style="list-style-type: none"> • YTD volumes have been strong across the enterprise, only item that is unfavorable to budget and unfavorable YOY are outpatient cases. This is attributed to lower than expected Covid testing / vaccinations. • From an operations standpoint, all metrics are green or yellow. • Total operating revenue is \$1.07 billion, a 6.2% increase YOY and favorable to budget by 2.1%. • Workforce challenges have impacted the organization which has resulted in higher than expected use of premium pay and contract labor. There are a number of initiatives to manage use of premium pay and contract labor which are beginning to yield positive results. • Operating EBIDA of \$172.8 million is unfavorable to budget by \$267,000. Given the workforce challenges discussed, erosion of payor mix and lower than expected outpatient cases, management is pleased with YTD results. • YOY Operating EBIDA is \$25.2 million lower which attributed to the following one-time items: <ul style="list-style-type: none"> • Claims settlement with a large payor • Additional YTD accrual of \$14 million for anticipated cash balance funding requirement. The final funding requirement will be prepared by actuary firm and is expected by May. • From a liquidity standpoint unfavorable to budget by about 70 days cash on hand (DCOH). <p>Mr. Bohorquez discussed the news regarding SVB and First Republic Bank and he stated El Camino Health does not have any immediate or direct exposure to either of those banks. Our bank record is with Wells Fargo.</p>	
<p>7. ROTATING TOPICS: (a) Capital Markets Review and Portfolio Performance</p>	<p>Kevin Novak, Senior Consultant NEPC, and Sam Austin, Partner NEPC presented the Capital Markets Review and Portfolio Performance and highlighted the following as further detailed in the materials.</p> <p><u>Capital Markets Review</u></p> <ul style="list-style-type: none"> • Markets delivered broad-based gains during the first quarter of 2023. Equities led the way with global stock markets up ~7% during the quarter, but fixed-income markets were also positive as yields fell. Commodity markets were the only major asset class to decline amid lower oil prices. • Macro events such as the banking crisis, debt ceiling, and inflation continued to weigh on sentiment and cloud the path forward to the U.S. economy. While credit conditions appear to be getting tighter, the labor market is also very tight. The 	

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	<p>Fed has signaled a data-dependent path forward on its approach to raising rates to combat still elevated inflation.</p> <ul style="list-style-type: none"> The rally in mega-cap stocks has been notable as growth outperforms value by a significant degree and these stocks have driven the majority of gains in the S&P 500. <p><u>ECH Performance Update</u> <u>Surplus Cash:</u></p> <ul style="list-style-type: none"> Portfolio assets were at \$1.4 billion at quarter-end, an increase of ~\$54 million from the beginning of the year. Asset allocation remained relatively close to policy targets. Note: Policy targets do not yet reflect the recently approved targets. Updated targets at the time of implementation of the new policy. <ul style="list-style-type: none"> Surplus Cash returned 3.9% in Q1 and down 3.5% over the past year. <ul style="list-style-type: none"> On an absolute basis, public equities drove the majority of ECH's investment experience. <ul style="list-style-type: none"> Within equities, growth managers have added meaningful value in 2023 (e.g. Sands and Conestoga). Within fixed income, ECH managers were up in line with markets (~3%). Hedge funds eke out a slight gain of ~30bps in Q1. On a relative basis, Surplus Cash outperformed the benchmark by 10 bps in Q1. Relative results mixed among managers, with non-US equity managers providing the most value-add. <p><u>Pension:</u></p> <ul style="list-style-type: none"> Pension portfolio delivered similar results compared to Surplus Cash given the overlap in manager names. However, a large driver of the difference in return is the Pension's higher allocation to equities. Pension returned 4.7% in Q1 and was down 4.2% over the past year. 	
<p>8. COMMITTEE PLANNING (a) FY2024 Committee Meeting Dates (b) FY2024 Committee Goals (c) FY2024 Pacing Plan</p>	<p>The Committee discussed the FY2024 Committee Meeting Dates, Goals, and Pacing Plan. Dr. Fung recommended combining the Feb 12th Investment Committee meeting with the Feb 26th Joint Finance and Investment Committee meeting into one meeting since the meetings are two weeks apart. Mr. Bohorquez we could consider this recommendation for the next fiscal year, but that would extend the meeting time to 4-5 hours long. Chair Nelson also stated that he would need to defer this recommendation to Chair Watters to ask for his recommendation. Mr. Frier recommended separating out goal #1. Chair Nelson and Mr. Bohorquez agreed with Mr. Frier's recommendation.</p> <p>Motion: To approve the FY2024 Committee Planning: Meeting Dates, Goals, and Pacing Plan.</p> <p>Movant: Driscoll Second: Fung Ayes: Boone, Conover, Driscoll, Frier, Fung, Nelson, Zoglin</p>	

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	<p>Noes: None Abstentions: None Absent: None Recused: None</p>	
<p>9. ADJOURN TO CLOSED SESSION</p>	<p>Motion: To adjourn to closed session at 6:23 pm. Movant: Driscoll Second: Zoglin Ayes: Boone, Conover, Driscoll, Frier, Fung, Nelson, Zoglin Noes: None Abstentions: None Absent: None Recused: None <i>Dan Woods, CEO left at 6:23 pm</i></p>	<p><i>Adjourned to closed session at 6:23 pm</i></p>
<p>10. AGENDA ITEM 15: RECONVENE OPEN SESSION/REPORT OUT</p>	<p>The open session reconvened at 7:29 pm. The Investment Committee approved the consent calendar which includes the Minutes of the Closed Session of the Investment Committee Meeting (02/13/2023) by a unanimous vote of all members present (Ms. Boone, Mr. Conover, Mr. Driscoll, Mr. Frier, Dr. Fung, Mr. Nelson Mr. Zoglin)</p>	
<p>11. AGENDA ITEM 16: CLOSING COMMENTS</p>	<p>There were no closing comments.</p>	
<p>12. AGENDA ITEM 17: ADJOURNMENT</p>	<p>Motion: To adjourn at 7:30 pm. Movant: Fung Second: Driscoll Ayes: Boone, Conover, Driscoll, Frier, Fung, Nelson, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	<p><i>Meeting adjourned at 7:30 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:



 Samreen Salehi
 Executive Assistant II

Prepared by: Samreen Salehi, Executive Assistant II

Reviewed by: Carlos Bohorquez, Chief Financial Officer