



**Minutes of the Open Session of the
Investment Committee of the
El Camino Hospital Board of Directors
Monday, February 14, 2022
El Camino Hospital, 2500 Grant Road, Mountain View, California**

Members Present

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

Members Absent

**via teleconference

Staff Present

Carlos Bohorquez, Chief Financial Officer
Dan Woods, Chief Executive Officer

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 via teleconference except for Chair Nelson. 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 (11/08/2021) and for information; (b) Article of Interest, (c) CFO Report Out – Open Session FC Materials (d) FY 2022 Progress Against IC Goals, (f) FY 2022 Pacing Plan</p> <p>Movant: Conover Second: Somersille Ayes: Boone, Conover, Juelis, Nelson, Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None</p>	Consent Calendar approved
5. REPORT ON BOARD ACTIONS	Mr. Zoglin discussed the report on Board Actions.	
6. ROTATING TOPICS:	<p>Capital Markets Review and Portfolio Performance & Tactical Asset Allocation Positioning and Market Outlook</p> <p>Antonio DiCosola and Chris Kuhlman presented the rotating topics: 1) Capital Markets Review and Portfolio Performance 2) Tactical Asset Allocation Positioning and Market Outlook and highlighted the following:</p>	

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	<ul style="list-style-type: none"> • The surge in demand since early 2021 continues to put pressure on supply chains and overall prices. Fears that the latest Covid-19 variant would become a major headwind for economic growth are gradually fading as health outcomes do not appear to be as severe as with prior strains of the virus. This means most major countries likely will avoid reimposing restrictions on activity. While Mercer expects the economic recovery to continue and maintains an optimistic view toward global equities, elevated valuations leave little cushion for downside surprises and may act to limit upside potential in 2022. • During the fourth quarter, inflation readings continued to move higher amid strong demand and ongoing supply chain difficulties. While inflation remains elevated, markets continue to price in future inflation near the Fed’s target of around 2.5% CPI. Monetary policy is becoming less accommodative in some major regions, but policy rates remain near zero in the developed world. During Q4, the Fed announced a doubling of its tapering pace and now projects three rate increases during 2022. Fiscal support is slowing. Many pandemic related fiscal programs have expired. Meanwhile, President Biden’s Build Back Better plan has stalled in the Senate amid concerns about inflation and the level of national debt. • Global equities were positive for the quarter, with the MSCI ACWI Index gaining +6.7% and ending 2021 with a +18.5% return for the calendar year. US equities outperformed other regions for the quarter and year, with the S&P 500 returning +11.0% and +28.7%, respectively. The MSCI EAFE and MSCI Emerging Markets Indices returned +11.3% and -2.5% during 2021, respectively. • Short term rates moved higher during the quarter as markets anticipated Fed rate hikes in 2022 and 2023. The move in longer-term yields has been more restrained with bond investors expecting short-term rates to top out at around 2%. Real yields remained deeply negative. The Bloomberg US Aggregate Index was flat for the quarter, while returning -1.5% for the year. Credit outperformed treasuries during the year as spreads tightened. • Both El Camino Hospital portfolios generated gains but lagged their benchmarks during the quarter. The Surplus Cash portfolio returned +1.6% vs. +2.4% for its benchmark while the Cash Balance Plan returned +2.1% versus +3.2% for its benchmark. For calendar year 2021, the portfolios returned approximately +7.5% and +9.7%, respectively, with both relatively underperforming their benchmarks. • Both portfolios were negatively impacted by relative results from the domestic and international equity composites during the quarter. Domestic growth manager Conestoga was the top relative performer during the quarter, outpacing its benchmark by 500 bps. Domestic equity and overall portfolio relative performance was hurt by Touchstone Sands, which returned -7.0% for the quarter and underperformed its benchmark by 18.6% as high-growth stocks came under pressure due to expected quantitative tightening and interest rate hikes. <p>In response to the Committee’s questions around inflation and whether monetary policy will be effective, Mercer expects inflation to peak and begin to stabilize in 2022, even if it will likely remain above 2019 levels, which should allow the fed to proceed on its current course. In response to the Committee’s question on Mercer’s forward looking views, Mercer</p>	

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	recommends clients maintain slight overweights to equities and cash and slight underweight to treasuries. Within equities, Mercer remains more optimistic on value, small cap and emerging markets.	
7. FY 23 COMMITTEE PLANNING (a) Proposed FY 23 Committee Meetings Dates (b) Proposed FY 23 Committee Goals (c) Proposed FY 23 Pacing Plan	The Committee discussed the FY 2023 proposed meeting dates, goals and pacing plan. No items were pulled. Motion: To approve FY 23 Committee Planning: proposed meeting dates, goals and pacing plan. Movant: Boone Second: Conover Ayes: Boone, Conover, Juelis, Nelson, Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None	
8. ADJOURN TO CLOSED SESSION	Motion: To adjourn to closed session at 6:17 pm. Movant: Conover Second: Juelis Ayes: Boone, Conover, Juelis, Nelson, Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Adjourned to closed session at 6:17pm</i>
9. AGENDA ITEM 14: RECONVENE OPEN SESSION/REPORT OUT	The open session reconvened at 6:30 pm. The Committee approved the consent calendar by a unanimous vote of all members present	
10. AGENDA ITEM 15: CLOSING COMMENTS	There were no closing comments.	
11. AGENDA ITEM 16: ADJOURNMENT	Motion: To adjourn at 6:30 pm. Movant: Boone Second: Zoglin Ayes: Boone, Conover, Juelis, Nelson, Somersille, Zoglin Noes: None Abstentions: None Absent: None Recused: None	<i>Meeting adjourned at 6:30 pm</i>

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

Brooks Nelson

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Brooks Nelson
 Chair, Investment Committee