



**FINANCE COMMITTEE MINUTES
8 AM, TUESDAY, NOVEMBER 17, 2020
1200 E. PLANT STREET, STE 200
WINTER GARDEN, FL. 34787**

The West Orange Healthcare District Finance Committee met on Tuesday, November 17, 2020 in the Boardroom of the District's office building at 1200 E. Plant Street in Winter Garden. Chair Maryke Lee called the meeting to order at 8:05am. **Trustees Present:** Maryke Lee, Rod Talbot, Jaclyn Whiddon and Jeff Sedloff. **Trustees Present by Phone:** John Murphy and Mark Griffith. **Trustee Absent:** Tim Keating. **Staff Present:** Chief Executive Officer Tracy Swanson and Chief Financial Officer Ken Harker. **Guests Present:** Jon Breth of AndCo Consultants.

M. Lee asked if there were members of the public in attendance. There were none.

APPROVAL OF PRIOR MINUTES

Chair M. Lee asked if there were comments or a motion on the minutes of the Committee's October 20, 2020 meeting. There were none.

Action: Upon a motion made and seconded, the minutes of the October 20, 2020 Committee meeting were unanimously approved.

FINANCIAL REPORTS FOR OCTOBER 2020

Chair M. Lee called upon CFO K. Harker to present the internal financial reports. K. Harker responded that the financial statements are as of October 31st, which is the first month of the new fiscal year. Referring to the Statements of Net Position, he commented that the total assets were \$76.7 million vs. \$95.3 million a year earlier. The contraction is due primarily to grant activity and funding of the Plant Street building construction, noting that the investment portfolio and the money market account at Seacoast Bank are the funding sources. The money market account at Seacoast Bank at \$18.7 million results from the liquidation of a portion of the investment portfolio. K. Harker added that Jon Breth would comment on the investment portfolio in a few minutes. The investment in the Plant Street property, including building construction, was at \$5.9 million at month end, exclusive of retainage owed McCree Construction.

As to liabilities, K. Harker noted that grants payable are at \$4.9 million with the details shown at Exhibit A. About \$4.8 million of that is to Orlando Health Central for the Cancer Center and the Rehab Center. The pay requests for these projects have been received from OHCI and are being processed for payment. The District also has committed to funding grantee construction projects with unpaid balances totaling \$17.9 million as detailed in Exhibit A.

After liabilities & construction grant commitments, the unrestricted net asset balance at October 31st was \$53.6 million.

K. Harker then called attention to the Statement of Changes in Net Assets for the month of October. The top line shows that the investment portfolio had a down month in this very volatile market. J. Breth will have more to say about that later. As to other monthly results, the "Mgt & Adm Services to HWO" line is to cover the services rendered to FHWO by T. Swanson & K. Harker, whose compensation is paid by the District. Expense categories are within their monthly budgets. For the month and the year to date, expenditures exceeded revenues by some \$321 thousand.

K. Harker then directed attention to Exhibit A, the Active Grant Status Report for October. It reflects total active grants awards of \$81.6 million with unpaid balances of \$22.8 million at month end. There was only one grant payment for the month, that being an \$18 thousand installment to Polis Institute on the Place Based Collective Impact project. The footnotes on the schedule disclose several grants that are in various stages of development or processing. They are not recorded as liabilities at month end.

K. Harker then moved to Exhibit B, the Plant Street Construction Budget vs Actual report, noting that costs to October 31st were \$5.9 million vs an original project budget of \$6.5 million. The \$5.9 million of costs to date exclude retainage due the contractor.

K. Harker then concluded his financial report. Chair M. Lee asked for questions, comments or a motion.

Action: Upon a motion made and seconded, the Financial Report for October 2020 was unanimously approved.

INVESTMENT PORTFOLIO ALLOCATION & PERFORMANCE

Chair M. Lee called upon J. Breth of AndCo Consultants to present a report on the Investment Portfolio. Calling attention to the AndCo Investment Performance Review for the quarter ended September 30, 2020, J. Breth reviewed the major market environment for the quarter for domestic and international equities and for domestic and global bonds. Referring to the report on asset allocation, he noted that all allocations were well within their Committee approved ranges. J. Breth then addressed portfolio performance for the quarter noting that the overall portfolio returned a very good 5.29%, lead by equities at 8.33%, fixed income at 2.11% and the alternative allocation at 3.75%.

Moving to the month of October, J. Breth commented that results were not as good as the prior quarter since the overall portfolio lost 1.43%. All asset allocations were negative with equities

down 2.53%, fixed income down .25% and alternatives down .65%. He then commented on the performance of individual managers, noting that all performed as well as could be expected in a down market. As to asset allocation, J. Breth noted that the international equity position is slightly below its approved asset range and domestic fixed income is slightly above its approved range. However, he recommends no corrective action at this time because the very active market performance to date in November has likely significantly changed these allocations.

J. Breth then called attention to the real estate holdings in the UBS Trumbull Property Income Fund and the Clarion Lion Properties Fund. Both funds have "wait lists" for redemption. Since the District's activities are being wound down, he suggests that it's time to join the que for redemption. J. Breth asked if there were comments from the Committee members? Hearing none, he will arrange for the District to join the redemption que.

J. Breth stated that he had completed his report. Chair M. Lee asked if there were further comments, questions or a motion. There were none.


Action: Upon a motion made and seconded, the investment reports for the quarter ended September 30, 2020 and the month ended October 31, 2020 were unanimously approved.

OPEN FORUM

T. Swanson reviewed with the Committee the current status of the lawsuit by Bentley Velazquez that involved a claim that arose prior to the time that the District sold the hospital. Following discussion of possible outcomes, it was the conclusion of the Committee the current litigation reserve is adequate.

ADJOURN

There being no further business to come before the Committee, the meeting was adjourned at 9:05am.

A handwritten signature in black ink that reads "Maryke Lee".

Maryke Lee, Committee Chair