



**HCA Finance and Investment Committee
Conference Call
November 28, 2018
10:00am**

Present: Laurie Neander, Treasurer
Michael Feinman
Timothy Leddy
Elizabeth Zicari

Anne Calvo
Sue Larman
Sandy Merlino

Guests: Derek Nolan, The Nolan Group

Attendance was taken and Ms. Neander noted that a quorum was established. She welcomed Mr. Derek Nolan, HCA's Investment Manager from The Nolan Group, to the call and asked him to provide an overview of HCA's investment portfolio.

Mr. Nolan noted that volatility had returned to the market. He discussed impacts such as slower than forecasted growth in China, terrorism concerns, and continued geo-political issues. He commented that with the federal government raising interest rates, the market's volatility will remain high.

Mr. Nolan referenced a document (attached to the file copy of these meeting minutes) entitled *Bearish? A Zacks Examination of History*; which provides an overview of world events over the last eight decades (1934-2017) and the market's reaction. Mr. Nolan commented that despite epic historic events, the market continued to grow. He then referred to another document entitled *Strategies for Volatile Markets*, which illustrates a hypothetical \$100,000 investment in stocks and how it would have been affected by missing the market's top-performing days from 1998 -2017. He noted this document illustrates the power of staying invested long-term – which is consistent with HCA's investment plans.

Mr. Nolan then referred to the HCA Investment portfolio and noted that social restrictions such as tobacco are excluded from the portfolio. He reminded the committee that HCA currently has 10 conservative value-orientated managers working on HCA's portfolio and that over the last seven years with The Nolan Group's oversight, HCA's investment fees have been lowered by approximately \$9,000 per year. He noted that as of September 30th, HCA's portfolio was based on a 60/40 split between stocks and bonds; and that since inception seven years ago, HCA's investment earnings have increased approximately \$680,000. In response to a question raised by Ms. Larman, Mr. Nolan noted that in the last month, the portfolio was adjusted in response to market conditions to a 55/45 split between stocks and bonds and reflects an \$80,000 decrease in the first quarter bringing the total portfolio value to \$1,503,261 as of November 27th. He noted, however, that HCA's investments were still earning at 5% which was only slightly lower than benchmarks at 6%.

Mr. Nolan then reviewed the allocation within equity sectors noting some obvious overages compared to S&P 500 including Financials, Healthcare, Information Technology, etc. which helps to keep the portfolio diversified and focused on industries somewhat related to HCA's business. There was a brief discussion regarding the banking industry and Mr. Nolan commented on the strength of the banking and lending industry with improved regulations and more credible loans being made.

He reviewed the bond portfolio and commented on the concerns with rising stocks which lower bond yields. He believes HCA's portfolio is well-positioned, however, with the average duration of only 4.1 years to limit any exposure while still yielding 3.03% returns – double the earning rates of the past.

He reviewed the portfolio's overall performance as of September 30th noting a 3.5% return which was level with benchmarks. He reviewed the performance over the last 12 months, 3 years, 5 years and since inception and suggested no changes to allocations at this time.

In closing he noted that unemployment is at a new low at 3.7% which he said was great news for the market and drives the economy. In response to a question by Mr. Cardillo, Mr. Nolan explained that the majority of bonds are secured by the federal government; but in addition to this, the investment managers for HCA's portfolio have shortened the duration of the bonds which lessens the exposure and improves the overall credit quality. He expressed comfort with the 3-4% rate from bonds and recommended no additional changes.

With no further questions, Ms. Neander called for a motion to accept Mr. Nolan's Investment Update. On a motion made by Ms. Larman and seconded by Mr. Leddy, the committee voted unanimously to accept the investment report as presented. Ms. Neander thanked Mr. Nolan for his time and attention to HCA's investments.

Ms. Neander than referred the committee to the Finance and Investment Committee Minutes of November 5th and asked for a motion to approve them. On a motion made by Ms. Calvo and seconded by Ms. Larman, the meeting minutes of November 5th Finance Committee Meeting were approved as submitted.

There being no further business, the meeting was adjourned.

Respectfully submitted,

Laurie Neander
Treasurer