

**MINUTES OF THE JUNE 1, 2021 SPECIAL MEETING OF THE
PETALUMA HEALTH CARE DISTRICT BOARD OF DIRECTORS**

1) CALL TO ORDER

Director Hempel called the meeting to order at 7:30 AM via Zoom virtual meeting.

PRESENT (VIDEO CONFERENCE CALL)

Elece Hempel, Director

Gabriella Ambrosi, Director

Jeffrey Tobias, MD, Director

Brian Dufour, Director

STAFF PRESENT (VIDEO CONFERENCE CALL)

Ramona Faith, CEO, PHCD

Andrew Koblick, Controller, PHCD

Ty Mooney, Board Clerk, PHCD

CALL FOR CONFLICT

Director Hempel called for conflict. There was none.

1) MISSION AND VISION

Director Tobias read the mission and vision of the Petaluma Health Care District.

The mission of the Petaluma Health Care District is to improve the health and well-being of our community through leadership, advocacy, support, partnerships, and education.

The Petaluma Health Care District envisions a healthy community and equitable access to health and wellness services for all.

2) CONSENT CALENDAR

A MOTION was made by Director Tobias and seconded by Director Dufour to approve the June 1, 2021 agenda. The motion was passed by a vote of 4 ayes (Directors Ambrosi, Hempel, Dufour, and Tobias) and 0 noes.

3) PUBLIC COMMENTS ON NON-AGENIZED ITEMS

There were none.

4) BOARD COMMENTS ON NON-AGENIZED ITEMS

There were none.

5) ANNOUNCEMENT OF CLOSED SESSION ITEMS

Government Code §54957.6 Closed Session regarding Employee Matters.

6) ADJOURN TO CLOSED SESSION

Director Hempel adjourned the meeting into Closed Session at 7:36 am.

7) ADJOURN TO OPEN SESSION

Director Hempel adjourned the meeting to Open Session at 8:02 am. Director Hempel reported out that staff has more work to do on creating an employee agreement for future CEO. No action was taken on the current CEO contact.

8) FINANCIAL SUSTAINABILITY

Jonathan Spees, Marin Street Consulting, gave a presentation on the submitted proposals for the District Financial Advisor position. The Finance Committee and Mr. Spees reviewed 11 proposals and recommended the board moves forward to interview the following three candidates: Chandler Asset Management, PFM Asset Management and KCM Investment Advisors.

The Board will move forward and schedule interviews with all three candidates at the next Regular Board Meeting scheduled for June 16, 2021 starting at 4:00 pm.

Director Hempel thanked the finance committee for all their efforts in the long process.

Presentation attached in the minutes.

12) ADJOURN

Director Hempel adjourned the meeting at 8:42 AM.

Submitted by Director Gabriella Ambrosi, Secretary PHCD
Recorded by Ty Mooney, Board Clerk PHCD

Petaluma
HEALTH CARE
DISTRICT

Board of Directors Discussion

June 1, 2021

Overview of Proposals



- 11 Proposals received representing broad spectrum of organizations
 - Assets Under Management ranging from \$78 million to over \$1.5 trillion
 - Variety of ownership structures
 - Retail investor focused vs. institutional
 - One employee to 263,000 employees
 - Sales organizations versus performance-based
 - Differing experience level with government institutions (inside and outside of California)
 - Varying emphasis on Environmental, Social and Governmental ("ESG")

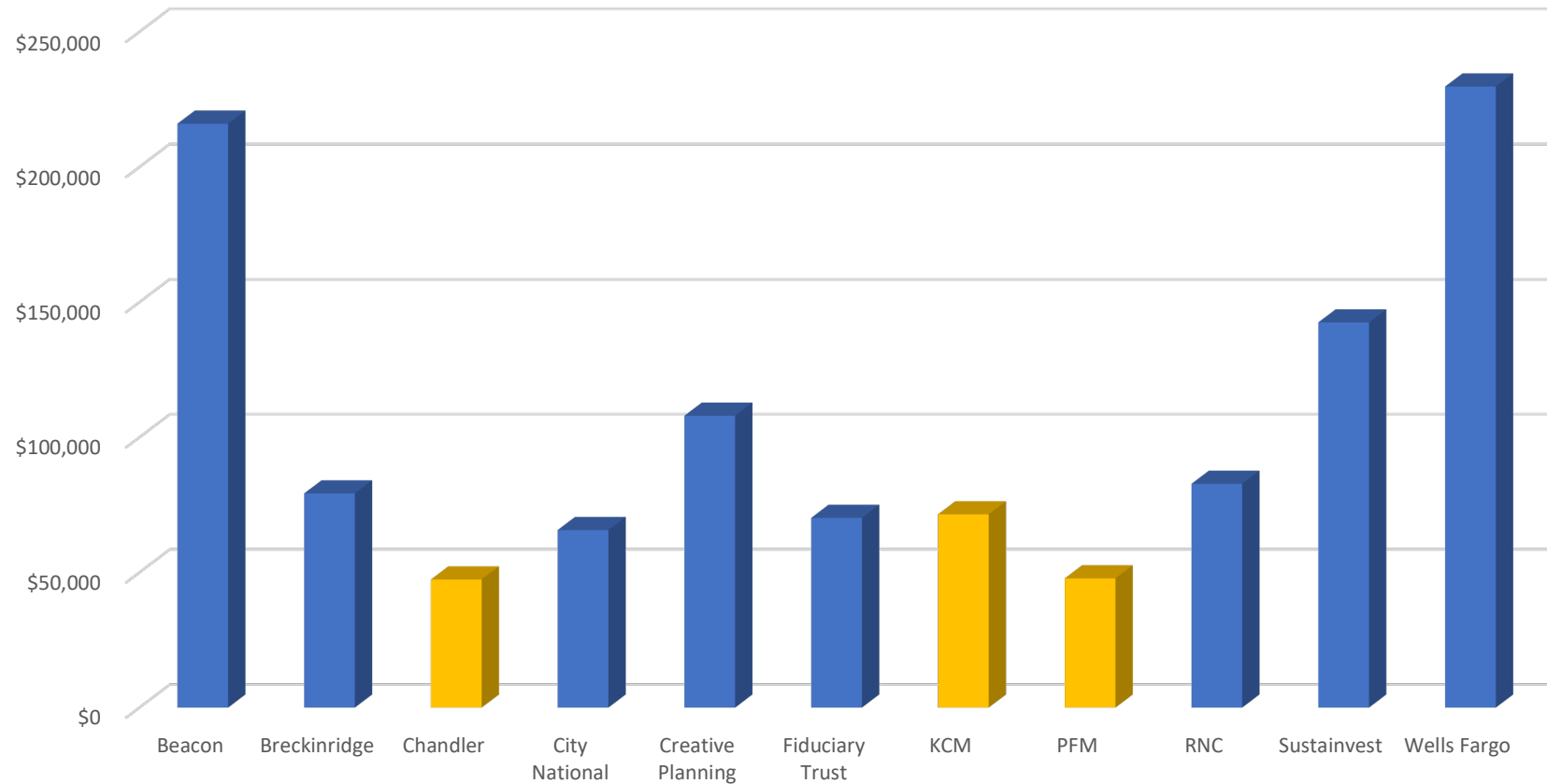
Overview of Proposals (Cont)



- Generally similar in investment approach
 - Strategy/Investment committees establish overall approach based on various inputs and experience
 - Asset allocation key strategic output
 - Portfolio Managers responsible for day-to-day portfolio decisions informed by strategy and research regarding individual issuers
 - Traders who execute trades

Fee Comparison

Fees for \$54 Million Portfolio

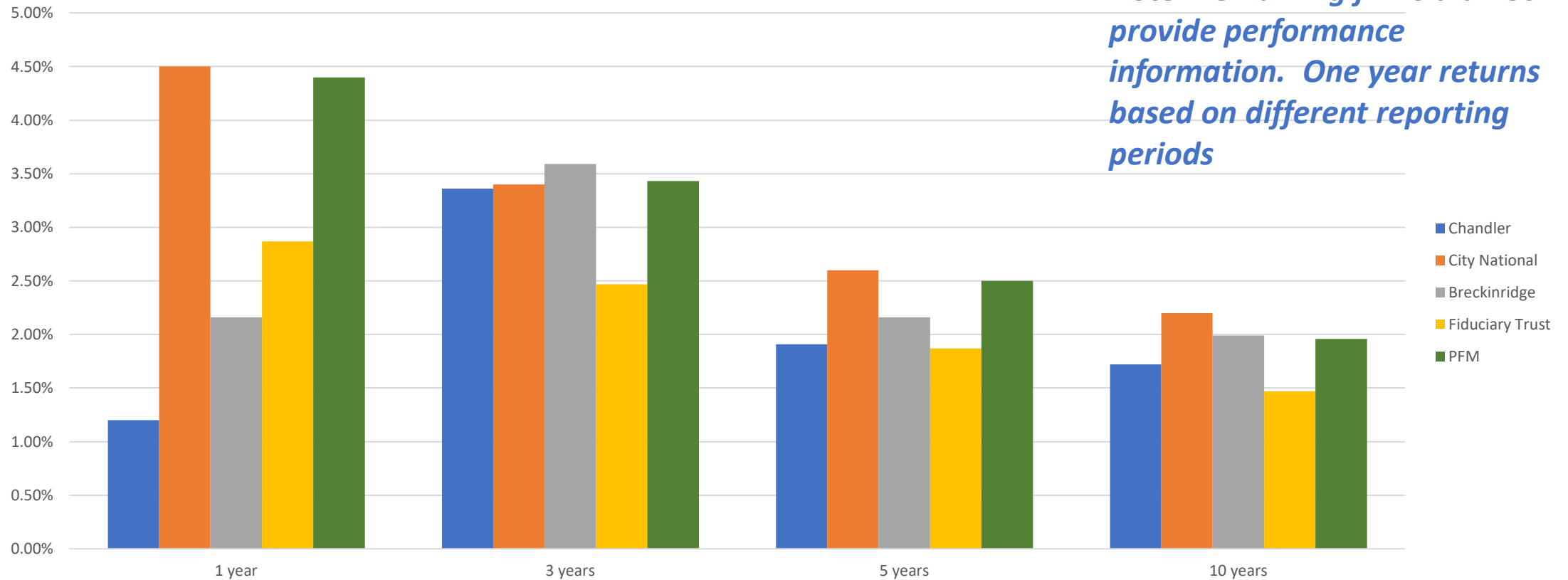


Annual Return Comparison



Investment Returns*

Note: Remaining firms did not provide performance information. One year returns based on different reporting periods



*net of fees

Initial Screening



- After initial review, six firms eliminated after initial screening
 - Beacon Point
 - City National
 - Creative Planning
 - RNC Genter
 - Sustainavest
 - Wells Fargo

Initial Screening (Cont)



- Primary reasons for elimination
 - Limited government experience
 - Comparatively higher fees
 - Comparatively smaller portfolios under management
 - Firm ownership
 - Use of “soft dollars”

Additional Vetting

- Five firms selected for follow up conference calls
 - Breckinridge
 - Chandler
 - Fiduciary Trust
 - PFM
 - KCM Investment Advisors
- Two firms eliminated after conference calls
 - Fiduciary Trust
 - Breckinridge

Recommendation



- Recommend that three firms present to full Board
 - Chandler
 - Significant government experience
 - Competitive Fees
 - Qualified, experienced team
 - KCM Investment Advisors
 - Highly qualified individuals responsible for the District's portfolio
 - Large client of small firm could lead to better service
 - Existing positive relationship with Board member
 - PFM
 - Large, national firm with experience managing large government accounts
 - Extensive government experience, including Petaluma
 - Competitive fees
 - Qualified, experienced, team

Next Steps



- Additional Diligence on finalists
 - Reference Checks
 - Financial statement review
 - Review insurance coverages