

MINUTES OF THE MEETING
THE FLORIDA BIRTH-RELATED
NEUROLOGICAL INJURY COMPENSATION ASSOCIATION

March 13, 2020
Conference Call

EXECUTIVE SESSION

The Executive Session of the March 13, 2020 meeting of the Board of Directors of the Florida Birth-Related Neurological Injury Compensation Association was called to order by Charlie Lydecker.

Present and constituting a quorum were:

Charlie Lydecker
Marcos Lorenzo, M.D.
Bryan Anderson
Steven Dukes, M.D.

Also present:

Kenney Shipley, NICA Executive Director
Tim Daughtry, NICA Deputy Director
Steve Ecenia, NICA General Counsel
Mary Allen Neel, Phipps Reporting

Current and potential litigation issues were discussed.

The Board then met in regular session.

GENERAL SESSION

Charlie Lydecker then called the General Session of the Board meeting to order.

Present and constituting a quorum were:

Charlie Lydecker
Marcos Lorenzo, M.D.
Bryan Anderson
Steven Dukes, M.D.

Also present:

Kenney Shipley, NICA Executive Director
Tim Daughtry, NICA Deputy Director
Steve Ecenia, NICA General Counsel
Tamara St. Hilaire, Office of Insurance Regulation
Daniel Chang, Miami Herald

Janice Yecco, NICA Investment Consultant
Felicia Bennett, Wilshire Consulting
Dan Perullo, MetLife Investment Management
Nicole Marchand, BlackRock
Adnan Virani, Sterling Capital
Nicolas Totaro, Sterling Capital

The Chair asked for a motion to approve the minutes of the December 13, 2019 Board meeting.

A motion was made to approve the minutes as drafted. The motion passed unanimously.

Investments

The Chair asked Janice Yecco to focus more on the previous few weeks rather than the prior quarter due to the market volatility surrounding the coronavirus. On behalf of the Board, he asked how well prepared the portfolio is to withstand what looks like bear market territory and recessionary trends.

Ms. Yecco followed with a brief discussion of 2019 performance. Markets rebounded in 2019 and most asset classes had good overall returns. During 2019, the composite NICA portfolio had returned 22.1% and outperformed the policy index by 62 basis points. The equity composite returned 29.5% which was 300 basis points higher than the equity policy index. The fixed income composite returned 18.39% but trailed the fixed income policy index by 15 basis points. In fixed income, MetLife returned 22.41% but underperformed its index return of 23.36%. Sterling Capital outperformed its benchmark by 47 basis points. The three BlackRock index funds modestly exceeded their respective benchmark returns. The U.S. equity composite outperformed the Russell 3000 index by 25 basis points net of fees. In non-U.S. equity, Baillie Gifford returned 33.99% which exceeded both the core (21.51%) and growth (27.34%) indices. Schroders returned 18.46% but underperformed compared to its benchmark by 305 basis points.

Since the end of February, markets were in correction territory and the bull market had ended. NICA's portfolio was set up to be very conservatively run with significantly more weight in fixed income than equity. Although fixed income returns had been negative in recent weeks, those returns had been less negative than equity markets. The portfolio had held up relatively well.

Felicia Bennett of Wilshire Consulting advised the Board that they would be updating NICA's asset allocation study using current market data.

The investment manager Watch List as of December 31, 2019 was presented. One manager was on the Watch List, Schroders (since June 30, 2019). It was recommended that NICA continue to monitor this manager.

Benefit Handbook

Kenney Shipley presented revisions to the NICA Benefit Handbook. In the “Travel” section of the Handbook, section E was added to address if the participant lives in a different city or state than the parents or legal guardians. The revised language allows NICA to reimburse a parent/guardian for travel to the participant in an emergency situation.

A motion was made to approve the revised Benefit Handbook. The motion passed unanimously.

Actuarial Report on Proposed Increase in Parental Award

The dollar amount of parental award in the NICA program had not changed since 1988 from the original \$100,000. NICA staff had worked with its actuaries to determine that increasing the parental award to \$250,000 and increasing 3% annually thereafter would not impair the fund.

Legislative

NICA had worked with the Chief Financial Officer’s office to include an amendment to increase the parental award in a bill initiated by the CFO. It did not appear that the amendment would be passed during the current legislative session but NICA staff and consultants would continue to pursue in the next legislative session.

General Counsel

Materials had been included for discussion of a possible increase in the monthly fee paid to NICA’s General Counsel. The Chair asked that the Board members review these materials and discuss at a future meeting.

Outreach Contract

NICA had entered into a contract with Sachs Media Group to assist with major changes needed in its outreach program. The changes would include updating the NICA website and presentation materials as well as reaching out to direct constituents including parents, hospitals and doctors. Sachs would also assist NICA with being prepared to inform the legislature, in conjunction with the CFO’s office, regarding the proposed increase in the parental award. Although technically within the authority of the Executive Director, Ms. Shipley felt the contract should be discussed in a public forum as well. The Chair acknowledged that the contract did not need a Board vote to approve but to consider the Board informed.

There being no further business before the Association, the meeting was adjourned.