



July 21, 2023

TO: Legal Counsel

News Media

Salinas Californian

El Sol

Monterey County Herald

Monterey County Weekly

KION-TV

KSBW-TV/ABC Central Coast

KSMS/Entravision-TV

The next regular meeting of the **PERSONNEL, PENSION AND INVESTMENT COMMITTEE - COMMITTEE OF THE WHOLE** of **SALINAS VALLEY HEALTH**¹ will be held **TUESDAY, JULY 25, 2023, AT 12:00 P.M., DOWNING RESOURCE CENTER, ROOMS A, B, & C, SALINAS VALLEY HEALTH MEDICAL CENTER, 450 E. ROMIE LANE, SALINAS, CALIFORNIA** or via **TELECONFERENCE** (*visit SalinasValleyHealth.com/virtualboard meeting for Access Information*).

A handwritten signature in black ink, appearing to read "Pete Delgado", written in a cursive style.

Pete Delgado
President/Chief Executive Officer



Committee Members: Juan Cabrera, Chair; Catherine Carson, Vice Chair; Pete Delgado, President/CEO; Augustine Lopez, Chief Financial Officer; Michelle Childs, Chief Human Resources Officer; Glenn Berry, MD, Medical Staff Member; Tony Redmond, Community Member

**PERSONNEL, PENSION AND INVESTMENTS COMMITTEE
COMMITTEE OF THE WHOLE
SALINAS VALLEY HEALTH¹**

**TUESDAY, JULY 25, 2023, 12:00 P.M.
DOWNING RESOURCE CENTER, ROOMS A, B & C**

**Salinas Valley Health Medical Center
450 E. Romie Lane, Salinas, California
or via Teleconference
(Visit svmh.com/virtualboardmeeting for Access Information)**

AGENDA

1. Call to Order / Roll Call
2. Approve Minutes of the Personnel, Pension and Investment Committee Meeting of June 20, 2023
 - Motion/Second (DELGADO)
 - Action by Committee/Roll Call Vote
3. Consider Recommendation for Board Approval of: (RADNER/RAY)
 - a. Findings Supporting Recruitment of Alex Logono, MD;
 - b. Contract Terms for Dr. Logono’s Recruitment Agreement; and
 - c. Contract Terms for Dr. Logono’s Hospitalist Professional Services Agreement
4. Consider Recommendation for Board Approval of: (RADNER/RAY)
 - a. Findings Supporting Recruitment of Ian Fauconier, MD;
 - b. Contract Terms for Dr. Fauconier’s Recruitment Agreement; and
 - c. Contract Terms for Dr. Fauconier’s Urology Professional Services Agreement
5. Consider Recommendation for Board Approval of: (RADNER/RAY)
 - a. Findings Supporting Recruitment of Yang Liu, MD;
 - b. Contract Terms for Dr. Liu’s Recruitment Agreement; and
 - c. Contract Terms for Dr. Liu’s Oncology Professional Services Agreement
6. Review of SVHMC Unrestricted Investment Funds managed by Greystone/Morgan Stanley including, New Investment Strategy (LOPEZ/DREW ZAGER OF MORGAN STANLEY)
7. Actuary’s Pension Valuation of SVMHS’s Defined Benefit Pension Plan as of January 1, 2023 (LOPEZ / CLEVELAND / ERIC GRANT AND SI MAN LEI of WILLIS TOWERS WATSON / FRANK SALB OF CREATIVE PLANNING RETIREMENT SERVICES)

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

8. Consider Recommendation for Board Approval to Fund the Required Minimum Contribution to the Salinas Valley Memorial Healthcare District Employees' Pension Plan for Calendar Year 2023.
(LOPEZ /CLEVELAND)

9. Public Input

This opportunity is provided for members of the public to make a brief statement, not to exceed three (3) minutes, on issues or concerns within the jurisdiction of this District Board, which are not otherwise covered under an item on this agenda.

10. Adjournment

The next Personnel, Pension and Investment Committee Meeting is scheduled for **Tuesday, August 22, 2023 at 12:00 p.m.**

This Committee meeting may be attended by Board Members who do not sit on this Committee. In the event that a quorum of the entire Board is present, this Committee shall act as a Committee of the Whole. In either case, any item acted upon by the Committee or the Committee of the Whole will require consideration and action by the full Board of Directors as a prerequisite to its legal enactment.

The Committee packet is available at the Committee Meeting, at www.SalinasValleyHealth.com, and in the Human Resources Department of the District. All items appearing on the agenda are subject to action by the Committee.

Requests for a disability related modification or accommodation, including auxiliary aids or services, in order to attend or participate in a meeting should be made to the Board Clerk during regular business hours at 831-759-3050. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

CALL TO ORDER
ROLL CALL

(Chair to call the meeting to order)

SALINAS VALLEY HEALTH¹
PERSONNEL, PENSION AND INVESTMENT COMMITTEE
COMMITTEE OF THE WHOLE
MEETING MINUTES May 23, 2023

Committee Members Present:

In-person: Chair Juan Cabrera, Vice Chair Catherine Carson, Michelle Childs, Pete Delgado, and Augustine Lopez

Via Teleconference: Glenn Berry, MD. and Tony Redmond

Committee members absent: None

Other Board Members Present, Constituting Committee of the Whole:

Joel Hernandez Laguna

1. CALL TO ORDER/ROLL CALL

A quorum was present and Chair Cabrera called the meeting to order at 12:06 p.m. in Downing Resource Center, Rooms A, B, and C.

2. APPROVAL OF MINUTES FROM THE PERSONNEL, PENSION AND INVESTMENT COMMITTEE MEETING OF April 18, 2023

The minutes of the Personnel, Pension, and Investment Committee meeting of April 18, 2023 were included in the Committee packet.

PUBLIC COMMENT:

None

MOTION:

Upon motion by Committee member Delgado and second by Committee member Carson the minutes of the April 18, 2023 Personnel, Pension and Investment Committee were approved, as presented.

ROLL CALL VOTE:

Ayes: Chair Cabrera, Vice Chair Carson, Berry, MD, Childs, Delgado, Lopez, and Redmond;

Noes: None;

Abstentions: None;

Absent: None

Motion Carried

3. REVIEW INVESTMENT PERFORMANCE FOR THE QUARTER ENDING MARCH 2023 OF SVMHS'S 403 (B) PLAN, 457 PLAN AND EMPLOYEE PENSION PLAN

Received a presentation from Steve Kjar and Frank Salb of Creative Planning Retirement Services regarding the Investment Performance for Quarter Ending March, 2023 of SVMHS's 403 (b) Plan, 457 Plan and Employee Pension Plan.

¹Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

4. EMPLOYEE PENSION PLAN

A. CONSIDER RECOMMENDATION FOR BOARD APPROVAL FOR THE EMPLOYEE PENSION PLAN, ASSET ALLOCATION STRATEGY

PUBLIC COMMENT:

None

COMMENTS FROM THE BOARD:

Director Carson advised that the Board revisits this if the market is doing poorly.

Committee member Lopez agreed and stated that we need to be fluid and should reassess if there are any changes in the market.

MOTION:

Upon motion by Committee member Delgado and second by Committee member Augustine the Personnel, Pension and Investment Committee as plan administrator approves continuing the Employee Pension Plan, Asset Allocation Strategy of 65% equities and 35% fixed income.

ROLL CALL VOTE:

Ayes: Chair Cabrera, Vice Chair Carson, Childs, Delgado, Lopez, and Redmond

Noes: None

Abstentions: None

Absent: Berry MD.

Motion Carried

B. CONSIDER RECOMMENDATION FOR BOARD APPROVAL FOR THE EMPLOYEE PENSION PLAN, INVESTMENT REBALANCING STRATEGY

PUBLIC COMMENT:

None

MOTION:

Upon motion by Committee member Lopez and second by Committee member Delgado the Personnel, Pension and Investment Committee as plan administrator approves the Employee Pension Plan, Investment Market-Based Rebalancing Strategy based on market conditions with a variance of strategy of +/- 5%.

ROLL CALL VOTE:

Ayes: Chair Cabrera, Vice Chair Carson, Berry MD., Childs, Delgado, Lopez, and Redmond

Noes: None

Abstentions: None

Absent: None

Motion Carried

C. CONSIDER RECOMMENDATION FOR BOARD APPROVAL FOR THE EMPLOYEE PENSION PLAN, HYBRID, PASSIVE OR ACTIVE INVESTMENT MANAGEMENT STRATEGY

PUBLIC COMMENT:

None

MOTION:

Upon motion by Committee member Delgado and second by Committee member Childs the Personnel, Pension and Investment Committee as plan administrator approves the Employee Pension Plan, hybrid investment management strategy of investing in both actively and passively managed alternatives.

ROLL CALL VOTE:

Ayes: Chair Cabrera, Vice Chair Carson, Berry MD., Childs, Delgado, Lopez, and Redmond

Noes: None

Abstentions: None

Absent: None

Motion Carried

5. PUBLIC COMMENT

No public comment

6. CLOSED SESSION

Chair Cabrera announced that the items to be discussed in Closed Session are *Conference with Legal Counsel Existing Litigation: Araujo et al vs. Salinas Valley Memorial Healthcare System* and *Conference with Labor Negotiator: Non-Affiliated Employees*. The meeting recessed into Closed Session under the Closed Session protocol at 1:15 p.m. Matthew Ottone, District Legal Counsel attended the Closed Session via videoconference.

7. RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION

The Committee reconvened Open Session at 1:31 p.m., Chair Cabrera reported that in Closed Session, the Committee discussed *Conference with Legal Counsel Existing Litigation: Araujo et al vs. Salinas Valley Memorial Healthcare System* and *Conference with Labor Negotiator: Non-Affiliated Employees*. The Closed Session recommendation on Non-Affiliated Employees was to go with the option to use Tony Redmond.

8. ADJOURNMENT

There being no other business, the meeting was adjourned at 1:32 p.m. The next Personnel, Pension and Investment Committee Meeting is scheduled for **Tuesday, June 20, 2023, at 12:00 p.m.**

Juan Cabrera, Chair
Personnel, Pension and Investment Committee

Board Paper: Personnel, Pension and Investment Committee

Agenda Item: **Consider Recommendation for Board Approval of (i) Findings Supporting Recruitment of Alex Logono, MD, (ii) Contract Terms for Dr. Logono’s Recruitment Agreement, and (iii) Contract Terms for Dr. Logono’s Hospitalist Professional Services Agreement**

Executive Sponsor: Allen Radner, MD, Chief Medical Officer, Salinas Valley Health
Gary Ray, Chief Administrative Officer, Salinas Valley Health Clinics

Date: July 25, 2023

Executive Summary

The hospitalist program for Salinas Valley Health (SVH) operates under Salinas Valley Health Clinics (SVHC). The SVHC Hospitalist Program focuses on increasing patient satisfaction and referring-provider satisfaction, and improved retention of hospitalist physician staff. Due to the growth SVH has experienced in the adult daily census at the hospital, the need to recruit and retain hospitalists to the program remains a priority.

The recommended physician, Alex Logono, MD graduated from medical school in 2017 at American University of Antigua and completed his Family Medicine Residency in June 2023 at Natividad Medical Center in Salinas, California. Dr. Logono is excited to raise his young family in our community. He plans to join the SVHC Hospitalist Medicine program in October.

Terms and Conditions of Agreements

The proposed physician recruitment requires the execution of two types of agreements:

1. **Hospitalist Professional Services Agreement** Essential Terms and Conditions:

The proposed professional services agreement includes the following terms:

- **PSA**. Professional Services Agreement that provides W-2 reporting for IRS purposes
- **Term**. Two (2) year term for the PSA
- **Shift Compensation**. Physician compensation for services under the PSA in the amount of \$149.96 per hour for day shifts, and \$159.96 per hour for night shifts
- **Shift Schedule**. Expectation of the fifteen (15) twelve (12) hour shifts per month and no less than one hundred eighty (180) twelve (12) hour shifts per year
- **Excess Shifts**. Hospitalist shifts in excess of one hundred eighty (180) twelve (12) hour shifts per year, will be compensated at an additional \$70.00 per hour credited during each excess shift
- **Performance Incentive Program**. Eligibility requirements of at least one thousand (1,000) hours worked during the measurement period and a current PSA at time of payment
- **Access to SVH Health Plan**. Physician premium is projected based on 15% of SVH cost
- **Access to SVH 403(b) and 457 Retirement Plans**. Five percent (5%) base contribution to 403b plan that vests after three (3) years. Based on federal contribution limits this contribution is currently capped at sixteen thousand five hundred dollars (\$16,500) annually
- **CME Stipend**. Two thousand four hundred dollars (\$2,400) annual stipend for Continuing Medical Education (CME).
- **Professional Liability Insurance**. The physician will receive an occurrence based professional liability policy through BETA Healthcare Group

2. **Recruitment Agreement** that provides a recruitment incentive of forty thousand dollars (\$40,000) which is structured as forgivable loan over two years of service.

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The recruitment of Dr. Logono is aligned with our strategic priorities for the service, quality and growth pillars. We continue to develop Salinas Valley Health Clinics infrastructure that engages our physicians in a meaningful way, promotes efficiencies in care delivery and creates opportunities for expansion of services. This investment provides a platform for growth that can be developed to better meet the needs of the residents of our District by opening up access to care regardless of insurance coverage or ability to pay for services.

Pillar/Goal Alignment:

Service People Quality Finance Growth Community

Financial/Quality/Safety/Regulatory Implications

The compensation proposed in these agreements have been reviewed against published industry benchmarks to confirm that the terms contemplated are fair market value and commercially reasonable.

Recommendation

Salinas Valley Health Administration requests that the Personnel, Pension and Investment Committee recommend to the Salinas Valley Health Board of Directors approval of the following:

1. **The Findings Supporting Recruitment of Alex Logono, MD,**
 - That the recruitment of a hospitalist to Salinas Valley Health Clinics is in the best interest of the public health of the communities served by the District; and
 - That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract an appropriately qualified physician to practice in the communities served by the District;
2. **The Contract Terms of the Recruitment Agreement for Dr. Logono; and**
3. **The Contract Terms of the Hospitalist Professional Services Agreement for Dr. Logono.**

Attachments

- Curriculum Vitae for Alex Logono, MD

ALEX LOGONO, M.D.

CURRENT

Natividad Family Medicine Residency program 04/2019 – Present
Full spectrum family medicine training
-Inpatient Medicine and Intensive Care training
-Emergency Medicine
-Full-spectrum Obstetrical Care, performed over 100 vaginal deliveries
-Lots of procedural training both in clinic and in the hospital, as well as surgical assisting

Certifications

California Medical Board # A180458
DEA
Certifications in ACLS, ALSO, NRP, PALS

EDUCATION/TRAINING:

American University of Antigua, College of Medicine	05/2009 – 09/2017
University of Albany, State University of New York	08/2004 – 05/2007
• Bachelor of Science Biology/Premed	
Mohawk Valley Community College, Utica, NY	01/2002 – 05/2004
• Associate Degree in Math and Science	
Kakuma Refugee Secondary School, Kakuma, Kenya	01/1996 – 12/2000

EXPERIENCE:

Pathology lab assistant, Monterey Bay GI Consultants Medical Group Inc.	05/2018 – 04/2019
Examiner Technician, American Para Professional System Inc.	05/2012 – 03/2013
• Collected medical history, performed exams, performed EKG, and body fluid Collections, processing and shipment of specimens.	
Medical Assistant, Koinonia Primary Medical Care, Albany, NY	07/2007 – 11/2007
• Customer Care, rooming patients, took vital signs, and general office work.	
Technical Care Associate, St Peter's Hospital, Albany, NY	09/2004 – 04/2009
• Provided basic patient care and tracheotomy care, customer care, assisted Nurses, doctors with patient examination, took patient's vital signs, blood Glucose, and chat them, reported any changes on condition of patients to Nurses, performed phlebotomy and EKGs, holter monitor, telemetry.	
Examiner Technician, American Para Professional System Inc.	09/2008 – 04/2009
• Collected medical history, performed exams, performed EKG, and body fluid collections, processing and shipment of specimens.	
Nurse Technician, St. Elizabeth Medical Center, Utica, NY	01/2002 – 08/2004

- Provided basic patient care, assisted nurses, doctors with patient examination, took patient's vital signs, blood sugar, and documentation, Reported any changes in patients' conditions to nurses.

Medical Assistant, International Rescue Committee, Kakuma Refugee Camp Hospital, Kenya 01/1999 – 09/2001
 Examined/diagnosed patients, prescribed medications, and provided Health Education on HIV/AIDS and communicable diseases.

University at Albany Summer Research, New York State Health Department, Wadsworth Center, Albany, New York 01/2002 – 08/2004
 Topic: "Genetics of West Nile Virus Infection of Insect Hosts"
 Purpose: To create transgenic strains of drosophilae containing a luciferase-marked West Nile Virus replicon.

Volunteer, St. Francis de Sales Outreach Program 01/2002 – 08/2004
 East Utica Youth Ministry, Utica, New York
 Assisted in food pantry, distributing food, stocking shelves, and general cleanup
 Provided outreach to newly-resettled South Sudanese in Utica

Symposium Presentation 03/2007
 "My Long Journey and My Goal to Medicine" 22nd Annual Upstate New York Junior Science and Humanities Symposium on promoting the highest achievements in science Research by high school students, March 26-27, Albany, New York.
 East Utica Youth Ministry, Utica, New York

AWARDS / SCHOLASTIC ACHIEVEMENTS:

Chi Alpha Epsilon, Excellence Award	2007
Dr. Seth W. Spellman Jr. Academic Achievement Award	2007
Leopold Schepp Foundation Scholarship	2006
Chi Alfa Epsilon, University at Albany	2005
McNair Scholar, CSTEP, EOP	2004
Special Achievement Award, St Elizabeth Medical Center	2002

Board Paper: Personnel, Pension and Investment Committee

Agenda Item: **Consider Recommendation for Board Approval of (i) Findings Supporting Recruitment of Ian Fauconier, MD, (ii) Contract Terms for Dr. Fauconier’s Recruitment Agreement, and (iii) Contract Terms for Dr. Fauconier’s Urology Professional Services Agreement**

Executive Sponsor: Allen Radner, MD, Chief Medical Officer, Salinas Valley Health
Gary Ray, Chief Administrative Officer, Salinas Valley Health Clinics

Date: July 25, 2023

Executive Summary

In consultation with members of the medical staff, Salinas Valley Health (SVH) executive management has identified the recruitment of a physician specializing in urology as a recruiting priority for the Medical Center’s service area. Based on the Medical Staff Development Plan, completed by ECG Management Group in January 2023, the specialty of Urology is recommended as a top priority for recruitment. Furthermore, Salinas Valley Health Clinics (SVHC) continues to build its Urology practice, which includes adding at least two robotically trained urologists.

The recommended physician, Ian Fauconier, MD, received his Doctor of Medicine degree in 1993 from Bowman Gray School of Medicine at Wake Forest University in Winston-Salem, North Carolina. Dr. Fauconier completed his General Surgery Residency in 1995 at Albert Einstein College of Medicine/Montefiore in Bronx, New York. Dr. Fauconier served as Chief Urology Resident at the University of Nebraska Medical Center in Omaha. Dr. Fauconier currently holds the position of Chief of Urology at First Choice Physician Partners in Modesto, California. He plans to join SVH Clinics in August.

Terms and Conditions of Agreements

The proposed physician recruitment requires the execution of two types of agreements:

1. Professional Services Agreement Essential Terms and Conditions:

The proposed professional services agreement includes the following terms:

- Professional Services Agreement that provides W-2 relationship for IRS reporting
- Two (2) year term for the PSA
- 1.0 Full-Time Equivalent (FTE)
- Base guarantee salary of five hundred thousand dollars (\$500,000) per year, and to the extent it exceeds the base salary, productivity compensation of sixty-nine dollars and twenty-two cents (\$69.22) work Relative Value Unit (wRVU)
- Access to SVH Health Plan. Physician premium is projected based on 15% of SVH cost
- Access to SVH 403(b) and 457 retirement plans. Five percent (5%) base contribution to 403b plan that vests after three (3) years. Based on federal contribution limits this contribution is capped at sixteen thousand five hundred dollars (\$16,500) annually
- Four (4) weeks off for vacation
- CME Stipend. Two thousand four hundred dollars (\$2,400) annual stipend for Continuing Medical Education (CME).
- The physician will receive an occurrence based professional liability policy through BETA Healthcare Group

2. **Recruitment Agreement** that provides a recruitment incentive of sixty thousand dollars (\$60,000) which is structured as forgivable loan over two years of service.

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The recruitment of Dr. Fauconier is aligned with our strategic priorities for the service, quality and growth pillars. We continue to develop Salinas Valley Health Clinics infrastructure that engages our physicians in a meaningful way, promotes efficiencies in care delivery and creates opportunities for expansion of services. This investment provides a platform for growth that can be developed to better meet the needs of the residents of our District by opening up access to care regardless of insurance coverage or ability to pay for services.

Pillar/Goal Alignment:

Service People Quality Finance Growth Community

Financial/Quality/Safety/Regulatory Implications

The addition of Dr. Fauconier to SVH Clinics has been identified as a need for recruitment while also providing additional resources and coverage for the SVH Urology practice.

The compensation proposed in these agreements have been reviewed against published industry benchmarks to confirm that the terms contemplated are fair market value and commercially reasonable.

Recommendation

Salinas Valley Health Administration requests that the Personnel, Pension and Investment Committee recommend to the Salinas Valley Health Board of Directors approval of the following:

1. **The Findings Supporting Recruitment of Ian Fauconier, MD,**
 - That the recruitment of a urologist to Salinas Valley Health Clinics is in the best interest of the public health of the communities served by the District; and
 - That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;
2. **The Contract Terms of the Recruitment Agreement for Dr. Fauconier; and**
3. **The Contract Terms of the Urology Professional Services Agreement for Dr. Fauconier.**

Attachments

- Curriculum Vitae for Ian Fauconier, MD

Curriculum Vitae

Ian Norman Fauconier, MD

PROFESSIONAL EXPERIENCE:

November 2014 - Present

Chief of Urology, Urologist
First Choice Physician Partners
1541 Florida Avenue Suite 100
Modesto, CA 95350

October 2003 - October 2014

Board Certified Urologist,
Private Practice
Colorado Urology Center, PC
400 State Street
Fort Morgan, CO

February 2000 - September 2003

Urologist, Staff
Memorial Hospital
Hospital Drive
Towanda, PA

July 1995 - June 1999

Resident, Urologic Surgery
(PGY III, IV, V & University of Nebraska
Medical Center PGY VI- Chief Resident)
Omaha, NE

July 1993 - June 1995

Resident, General Surgery
(PGY I & PGY II)
Albert Einstein College of
Medicine/Montefiore
Medical Center, Bronx, NY

EDUCATION:

Medical Degree

Bowman Gray School of Medicine
Wake Forest University
Winston-Salem, NC 1989-1993

Bachelor of Science

Howard University
Washington, DC 1985-1989
Major: Physics Cum Laude

PUBLICATIONS/RESEARCH:

Fauconier I, Jarow J. Transrectal Ultrasound Findings in Infertile Men. Journal of Urology 1993; 149: 434A

Ernest J. Fauconier I. The Effect Of Increased Vaginal pH on Pre-term Rupture of Human Ammonitic Membrane.

TRAINING IN RESIDENCY:

Division of Urologic Surgery

University of Nebraska Medical Ctr 1995-1999

Operative/Post-operative management of patients in General Urologic Surgery and also including Renal Transplantation, Pediatric Urology and Urologic Microsurgery.

Department of General Surgery

Albert Einstein College of Medicine/Montefiore Medical Center, Bronx, NY 1993-1995

4 Hospital unification consisting of tertiary care, community hosp/level I trauma facility. Worked in inpatient and ambulatory surgery including extensive SICU, Trauma ICU, and Surgical Emergency Room.

PROFESSIONAL SOCIETIES:

Diplomate, American Board of Urology

Fellow of the American College of Surgeons

American Urologic Association

American Medical Association

PRESENTATIONS:

University of Nebraska Medical Center

Urology Grand Rounds

Topic:

Management Options of Sickle Cell Associated Hematuria (January 1998)

Basic Science Urology Conference

Topic:

Etiology of Urinary Calculus Disease (January 1995)

Physiology of the Normal Adrenal Gland (May 1996)

Urologic Embryology (October 1995)

Albert Einstein College of Medicine/Montefiore Medical Center

General Surgery Teaching Conference

Topic: Surgical Management of Perforated Duodenal Ulcers (June 1994)

Board Paper: Personnel, Pension and Investment Committee

Agenda Item: **Consider Recommendation for Board Approval of (i) Findings Supporting Recruitment of Yang Liu, MD, (ii) Contract Terms for Dr. Liu's Recruitment Agreement, and (iii) Contract Terms for Dr. Liu's Oncology Professional Services Agreement**

Executive Sponsor: Allen Radner, MD, Chief Medical Officer, Salinas Valley Health
Gary Ray, Chief Administrative Officer, Salinas Valley Health Clinics

Date: July 25, 2023

Executive Summary

In consultation with members of the medical staff, Salinas Valley Health (SVH) executive management has identified the recruitment of a physician specializing in oncology as a recruiting priority for the Medical Center's service area. Based on the Medical Staff Development Plan, completed by ECG Management Group in January 2023, the specialty of Oncology is recommended as a top priority for recruitment. Furthermore, one of SVH's current oncologists is approaching retirement, emphasizing the need for succession planning.

The recommended physician, Yang Liu, MD, received his Doctor of Medicine degree from Second Military Medical University in Shanghai, China. He completed his Internal Medicine Residency, acting as Chief Resident, from Coney Island Hospital in Brooklyn, New York. Dr. Liu completed his Hematology/Oncology Clinical Fellowship at University of Pittsburgh Medical Center and is Board Certified in Internal Medicine, Oncology and Hematology. He plans to join SVH Clinics in the fall.

Terms and Conditions of Agreements

The proposed physician recruitment requires the execution of two types of agreements:

1. **Professional Services Agreement** Essential Terms and Conditions:

The proposed professional services agreement includes the following terms:

- Professional Services Agreement that provides W-2 relationship for IRS reporting
- Two (2) year term for the PSA
- 1.0 Full-Time Equivalent (FTE)
- Base guarantee salary of five hundred thousand dollars (\$500,000) per year, and to the extent it exceeds the base salary, productivity compensation of eighty-seven dollars (\$87.00) work Relative Value Unit (wRVU)
- Access to SVH Health Plan. Physician premium is projected based on 15% of SVH cost
- Access to SVH 403(b) and 457 retirement plans. Five percent (5%) base contribution to 403b plan that vests after three (3) years. Based on federal contribution limits this contribution is currently capped at sixteen thousand five hundred dollars (\$16,500) annually
- Six (6) weeks off for vacation
- CME Stipend. Two thousand four hundred dollars (\$2,400) annual stipend for Continuing Medical Education (CME).
- The physician will receive an occurrence based professional liability policy through BETA Healthcare Group

2. **Recruitment Agreement** that provides a recruitment incentive of fifty thousand dollars (\$50,000) which is structured as forgivable loan over two years of service.

Meeting our Mission, Vision, Goals

Strategic Plan Alignment:

The recruitment of Dr. Liu is aligned with our strategic priorities for the service, quality and growth pillars. We continue to develop Salinas Valley Health Clinics infrastructure that engages our physicians in a meaningful way, promotes efficiencies in care delivery and creates opportunities for expansion of services. This investment provides a platform for growth that can be developed to better meet the needs of the residents of our District by opening up access to care regardless of insurance coverage or ability to pay for services.

Pillar/Goal Alignment:

Service People Quality Finance Growth Community

Financial/Quality/Safety/Regulatory Implications

The addition of Dr. Liu to SVH Clinics has been identified as a need for recruitment while also providing additional resources and coverage for the SVH Cancer Care practice.

The compensation proposed in these agreements have been reviewed against published industry benchmarks to confirm that the terms contemplated are fair market value and commercially reasonable.

Recommendation

Salinas Valley Health Administration requests that the Personnel, Pension and Investment Committee recommend to the Salinas Valley Health Board of Directors approval of the following:

1. **The Findings Supporting Recruitment of Yang Liu, MD,**
 - That the recruitment of an oncologist to Salinas Valley Health Clinics is in the best interest of the public health of the communities served by the District; and
 - That the recruitment benefits and incentives the hospital proposes for this recruitment are necessary in order to attract and relocate an appropriately qualified physician to practice in the communities served by the District;
2. **The Contract Terms of the Recruitment Agreement for Dr. Liu; and**
3. **The Contract Terms of the Oncology Professional Services Agreement for Dr. Liu.**

Attachments

- Curriculum Vitae for Yang Liu, MD

Yang Liu, M.D., Ph.D.

**Physician, Andrews&Patel Hematology/Oncology, Community Medical Group,
PennState Health**

Education:

Ph.D.: University of Maryland, Baltimore

M.D.: Second Military Medical University, Shanghai, China

Professional Experience/Clinical Training:

- **Staff Physician**, Andrews&Patel Hematology and Oncology Group since July 2013, Group joined PSH since Sept 2018

-**Clinical Fellow**, Division of Hematology/Oncology, Department of Medicine, University of Pittsburgh Medical Center

-**Resident/Chief Resident**, Internal Medicine, Coney Island Hospital, Brooklyn, NY, 11235

Board Certification: ABIM, Medical Oncology, Hematology

Licensures: Pennsylvania; DEA; NPI

Other Certification: ONCOTALK: communication skills with cancer patients

Professional Associations: ASCO; ACP; ASH. Medical director/National Pancreas Foundation, Central PA Chapter

References: Available upon request

Research Funds and Clinical Trials:

Co-principle investigator,

Correlation of serum and plasma VEGF levels with thrombocytopenia of various etiology, a biomarker study (prospective study, held in Maimonides Medical Center and Coney Island Hospital, Brooklyn, NY; grant supported by MMC, from 2008 to 2010).

Travel Grant Award: <10th Annual Symposium on Gastrointestinal Cancers: an update on advances in diagnosis and management>, St. Louis, MO, September 10, 2011.

Previous Clinical Trial: (PI: Michael Gibson, NCT00836277): Phase II Study of Irinotecan and Panitumumab

Professional activities: 2012-2013, member of UPCI Clinical Trial Protocol Review Committee

Professional publications:

Ph.D. Dissertation:

Diagnostic Potential of Cancer Specific Iso-form of Proliferating Cell Nuclear Antigen in Breast Cancer Cells and Tissues

Book chapters:

1. *Aromatase Inhibition and Breast Cancer* Chap.13: Relevance of Animal Models to the Clinical Setting. Copy right 2001, Marcel and Dekker. ISBN: 0-8247-0412-6
2. *Tumor Markers*. Chap. 35: Mining the Cancer Cell's DNA Replication Apparatus for Novel Malignancy Biomarkers. Copy right 2002. AACC Press. ISBN: 1-890883-71-9
3. *Thoracic Malignancies*. (Esophageal cancer chapter), in preparation.

Research articles:

1. Yang Liu et al. Spontaneous Resolution of Aleukemic Leukemia Cutis: A Case Report. *Annals of Hematology & Oncology*. 2016; 3(2):1076
2. Yang Liu, Michael K. Gibson, Esophageal Cancer, An Update Review (Editorial). *Oncology & Hematology Review (US)*, 2013;9(1):6-9
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The image shows the Morgan Stanley Private Wealth Management logo in the top left corner. The background features a dark blue gradient on the left and a large, light blue triangular graphic on the right that points towards the bottom right corner.

Morgan Stanley

PRIVATE WEALTH MANAGEMENT

Salinas Valley Memorial Healthcare System – Horizon Analysis

Drew Zager
Managing Director
Private Wealth Advisor

June 2023

**Zager Fixed Income Management
at Morgan Stanley Private Wealth Management**
1999 Avenue of the Stars, Suite 2400, Los Angeles, CA 90067
(310) 788-2130
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Agenda

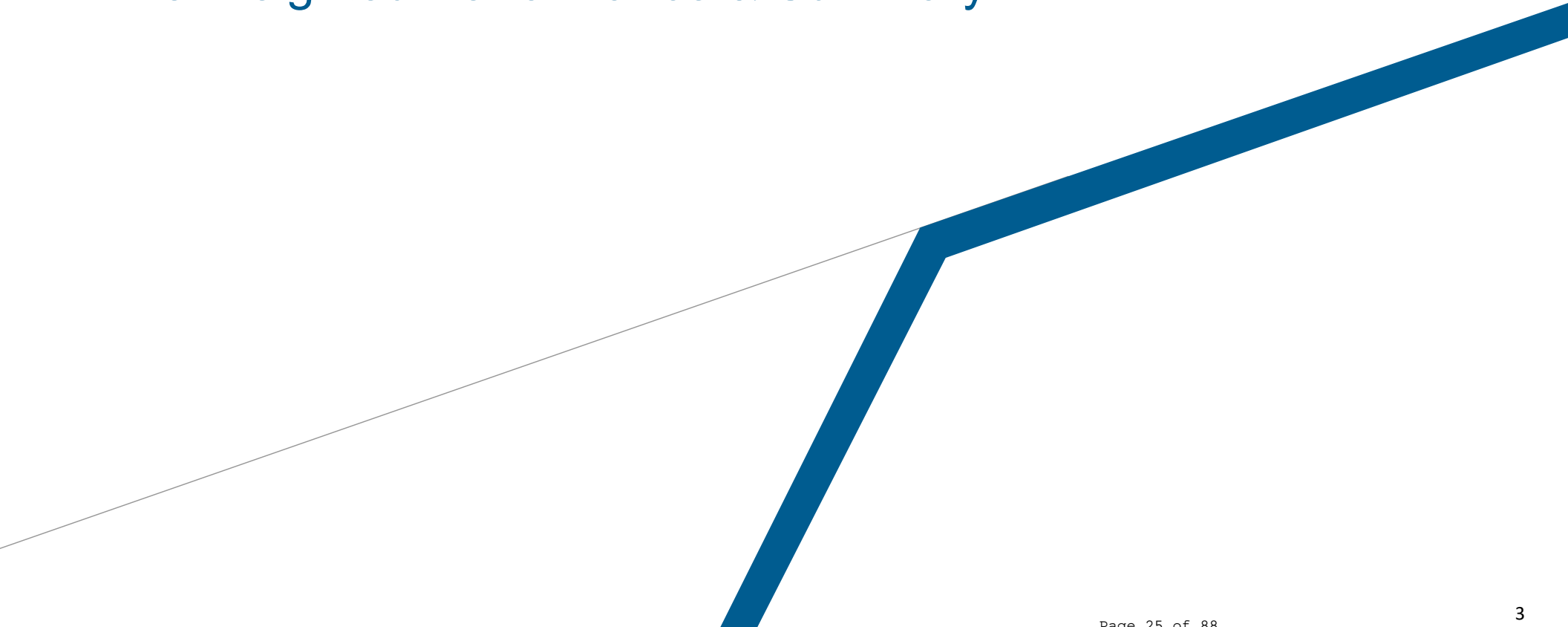
1. TIME WEIGHTED PERFORMANCE & SUMMARY

2. SUMMARY – CURRENT & STRATEGY IN PROCESS

3. FIXED INCOME PERSPECTIVES

SECTION 1

Time Weighted Performance & Summary



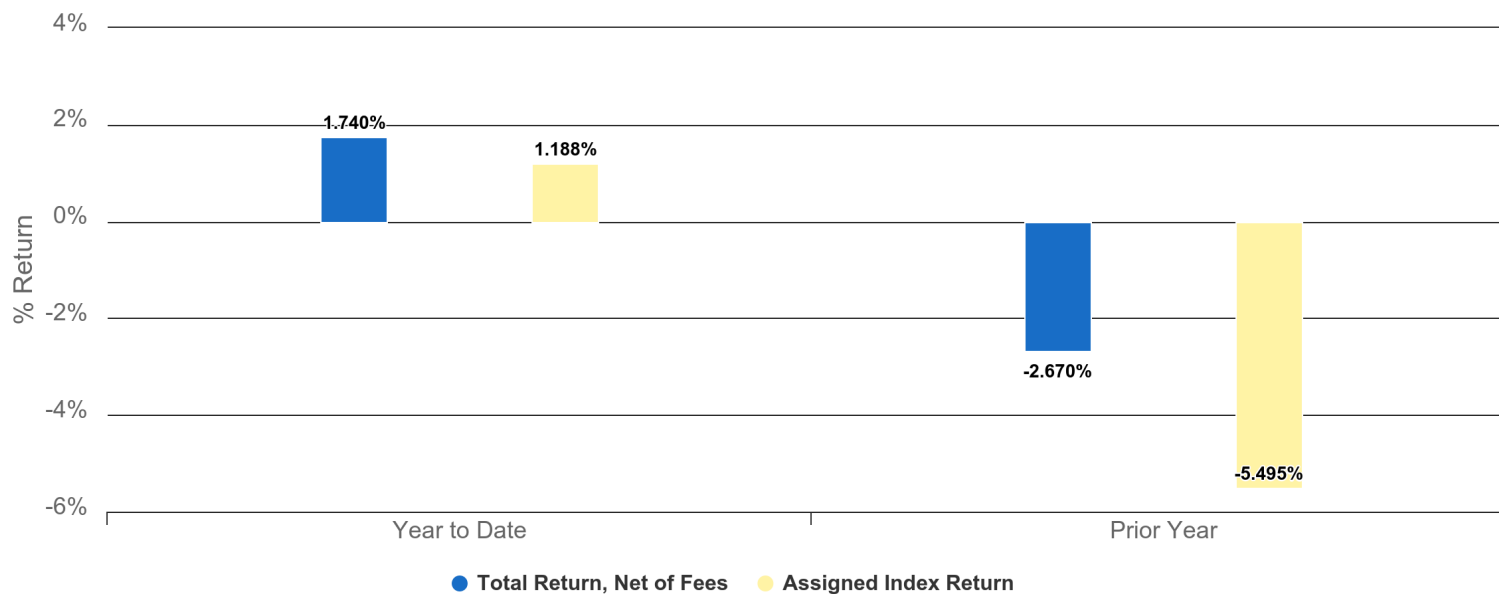
Performance Summary

ICAP- Cash Reserve (121916)

Base Currency: USD As of 06/30/2023

[Return to Table of Contents](#)

Dated: 07/17/2023



Period	Period Begin	Period End	Total Return, Net of Fees	Assigned Index Return
Year to Date	01/01/2023	06/30/2023	1.740%	1.188%
Prior Year	01/01/2022	12/31/2022	-2.670%	-5.495%

Account	Index	Index Start Date	Index End Date
ICAP-Cash Reserve	Bloomberg 1-5 Yr Gov/Credit	02/15/2018	---

Net of Fees (includes management and trading).

Returns are actual and have not been annualized.

No Tax Adjustment.

Note that data will not exist prior to the performance inception date of: 02/16/2018.

Historical data exists for the options shown below, only available on historical data boundaries:

Begin Date	End Date	Return Type	Fee Options	Tax Options
02/16/2018	03/31/2018	Total Return	Gross of Fees, Net of Fees	No Tax Adjustment

Reported Index Return is always Total Return.

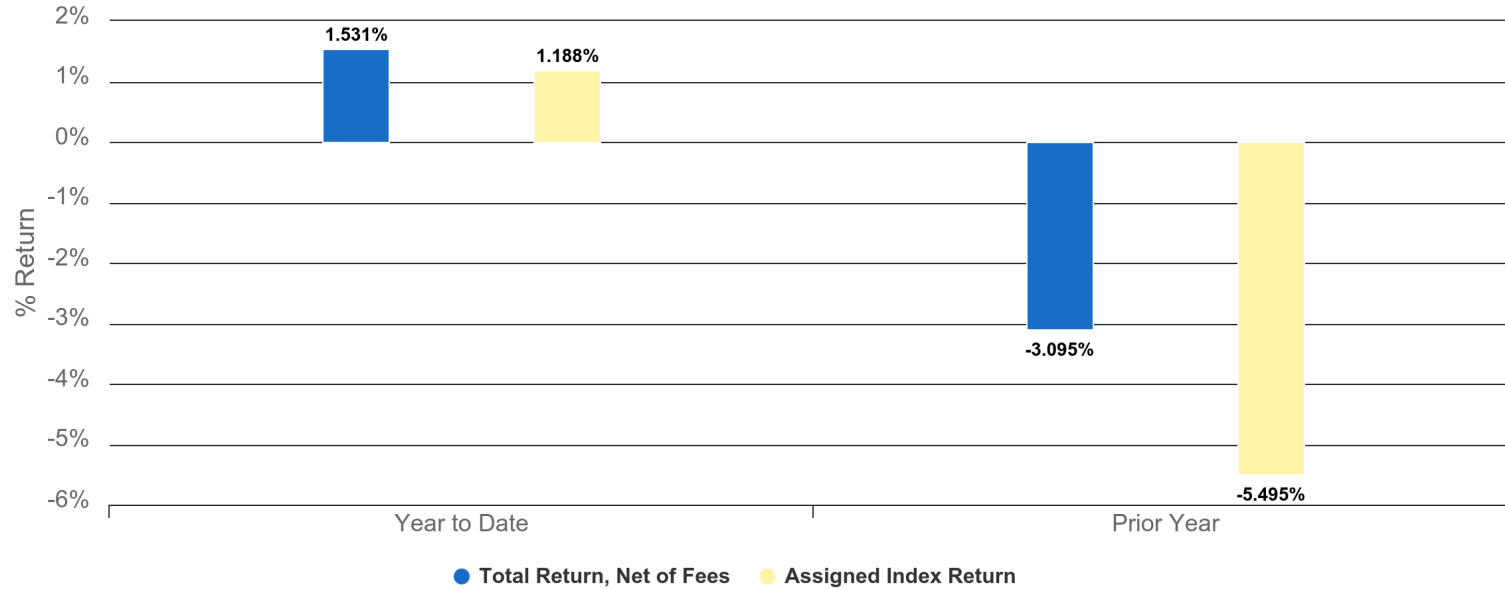
Performance Summary

MSGE - General Acct. (182524)

Base Currency: USD As of 06/30/2023

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Dated: 07/17/2023



Period	Period Begin	Period End	Total Return, Net of Fees	Assigned Index Return
Year to Date	01/01/2023	06/30/2023	1.531%	1.188%
Prior Year	01/01/2022	12/31/2022	-3.095%	-5.495%

Account	Index	Index Start Date	Index End Date
MSGE-General Acct.	Bloomberg 1-5 Yr Gov/Credit	02/15/2018	---

Net of Fees (includes management and trading).

Returns are actual and have not been annualized.

No Tax Adjustment.

Note that data will not exist prior to the performance inception date of: 08/01/2019.

Reported Index Return is always Total Return.

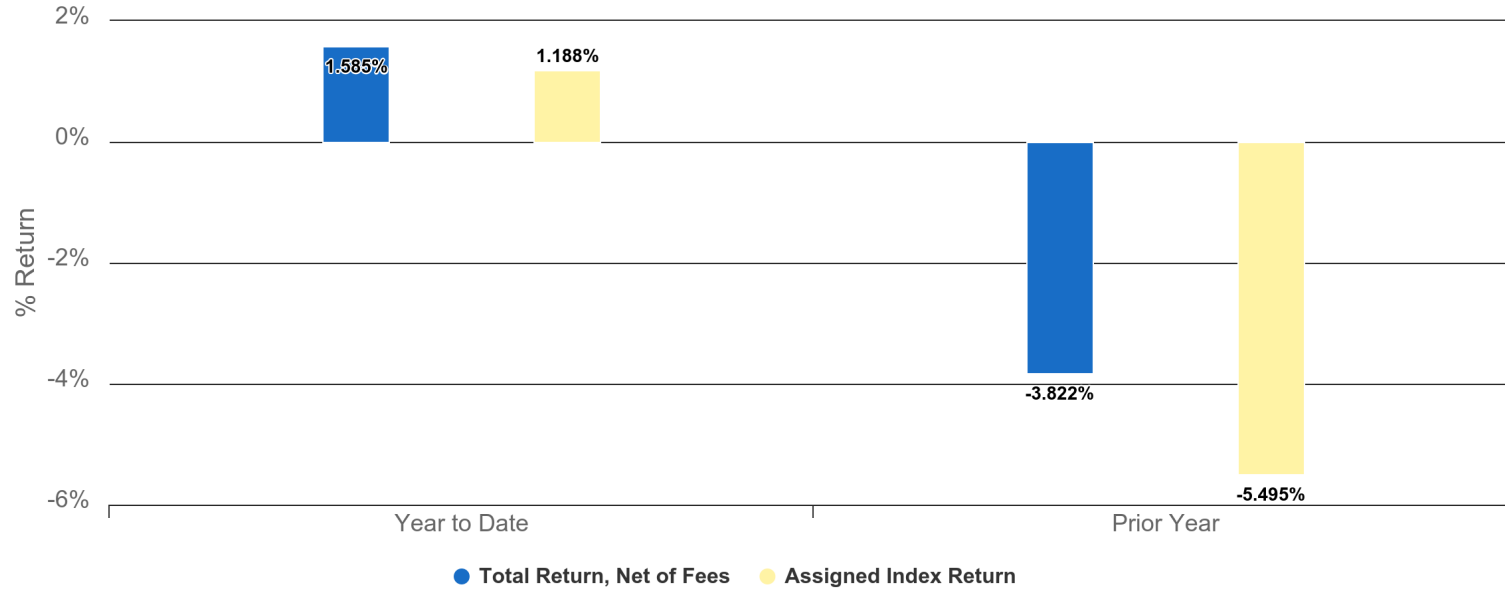
Performance Summary

MSGE - Board Design (182523)

Base Currency: USD As of 06/30/2023

[Return to Table of Contents](#)

Dated: 07/17/2023



Period	Period Begin	Period End	Total Return, Net of Fees	Assigned Index Return
Year to Date	01/01/2023	06/30/2023	1.585%	1.188%
Prior Year	01/01/2022	12/31/2022	-3.822%	-5.495%

Account	Index	Index Start Date	Index End Date
MSGE-Board Design	Bloomberg 1-5 Yr Gov/Credit	02/15/2018	---

Net of Fees (includes management and trading).

Returns are actual and have not been annualized.

No Tax Adjustment.

Note that data will not exist prior to the performance inception date of: 08/01/2019.

Reported Index Return is always Total Return.

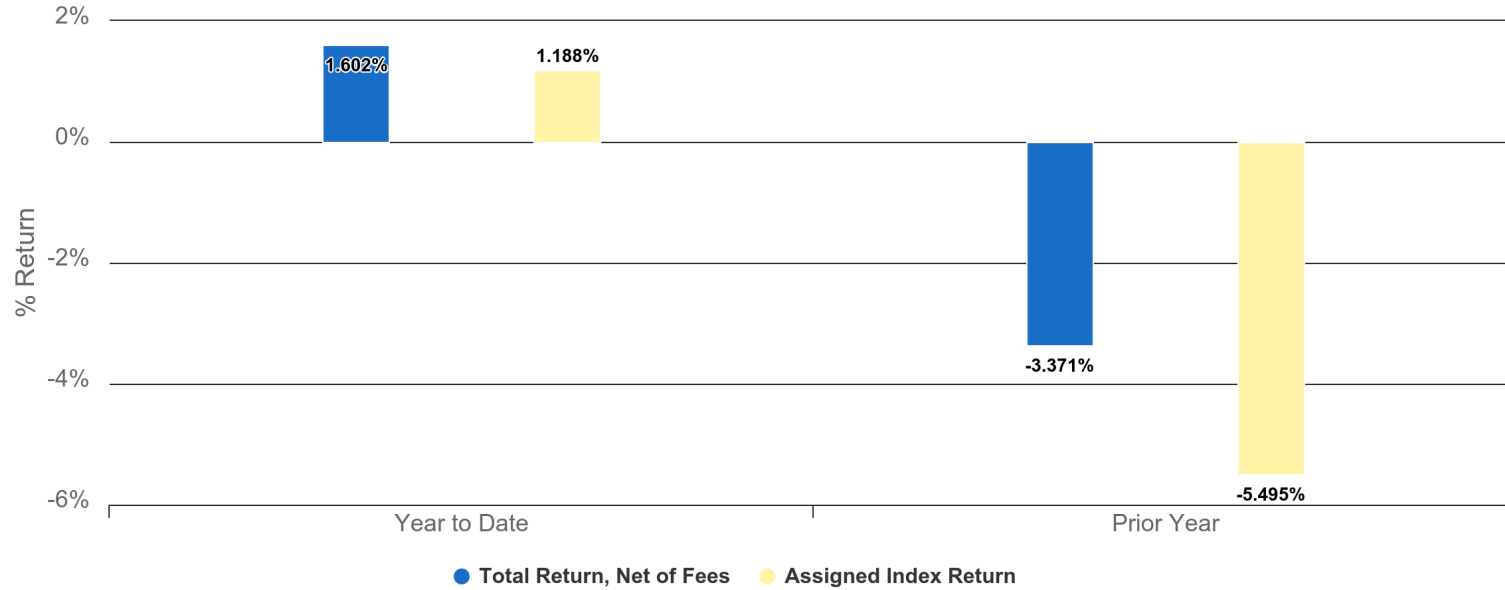
Performance Summary

ICAP - Index Agg (185375)

Base Currency: USD As of 06/30/2023

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Dated: 07/17/2023



Period	Period Begin	Period End	Total Return, Net of Fees	Assigned Index Return
Year to Date	01/01/2023	06/30/2023	1.602%	1.188%
Prior Year	01/01/2022	12/31/2022	-3.371%	-5.495%

Account	Index	Index Start Date	Index End Date
MSGE-Board Design	Bloomberg 1-5 Yr Gov/Credit	02/15/2018	---
ICAP-Cash Reserve	Bloomberg 1-5 Yr Gov/Credit	02/15/2018	---
ICAP-Index Agg	Bloomberg 1-5 Yr Gov/Credit	02/15/2018	---
MSGE-General Acct.	Bloomberg 1-5 Yr Gov/Credit	02/15/2018	---

Net of Fees (includes management and trading).

Returns are actual and have not been annualized.

No Tax Adjustment.

Note that data will not exist prior to the performance inception date of: 02/16/2018.

Reported Index Return is always Total Return.

Returns for an aggregate account are based on the weighted average of its simple accounts, unless historical returns have specifically been provided for the aggregate, in which case the provided historical returns will be used for the Account Total row. The index total or total weighted benchmark returns for an aggregate account are also based on the weighted average of the index returns of its simple accounts.

Account Summary (1)

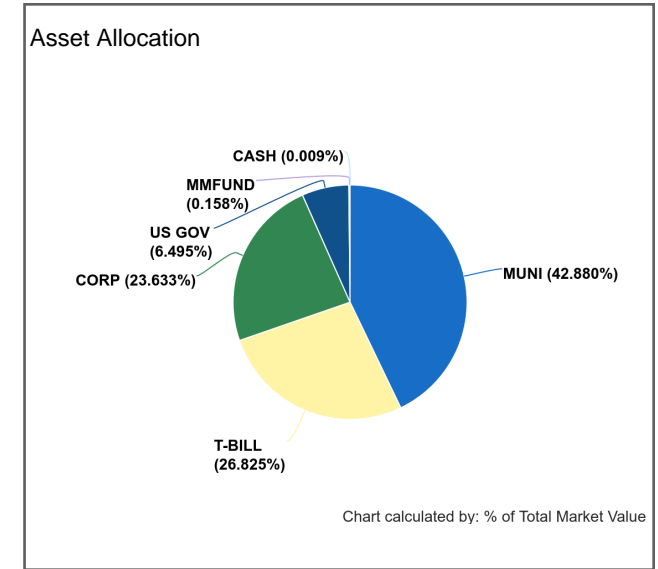
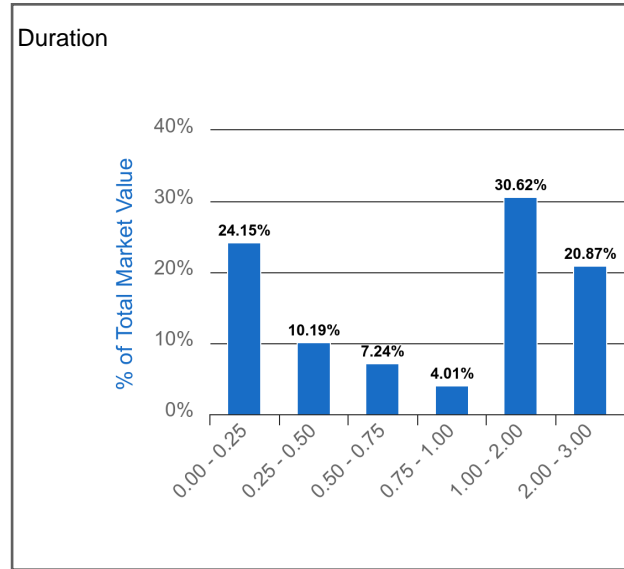
06/01/2023 - 06/30/2023

ICAP - Index Agg (185375)

Dated: 07/06/2023

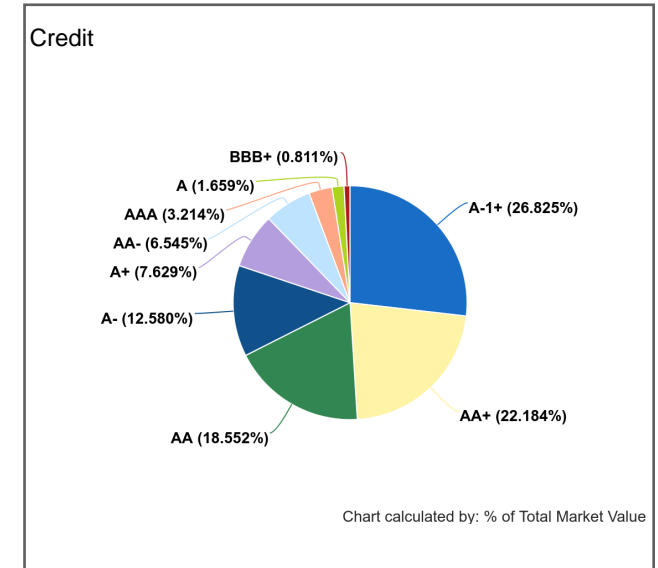
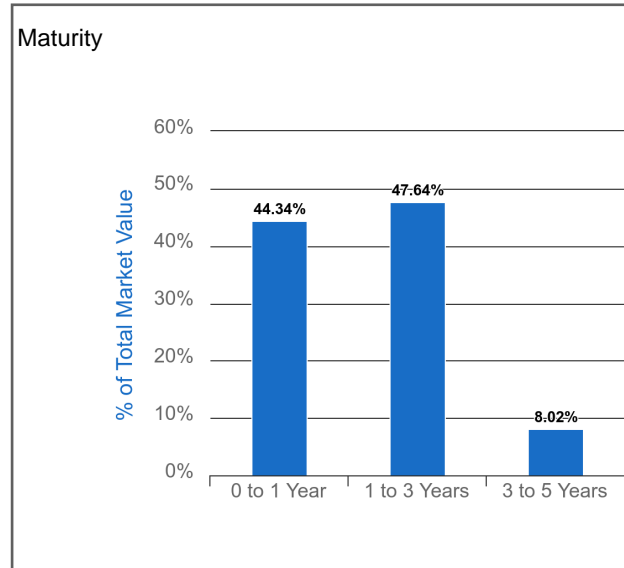
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Portfolio Valuation Summary	
	<i>Portfolio</i>
Total Market Value	303,409,743
Market Value	301,683,605
Accrued Interest	1,726,138
Yield at Cost	2.42
Market Yield	5.14
Modified Duration	1.27
Coupon	1.81
Unrealized G/L	-13,374,503
Economic Income (12 mo)	7,629,638
Moody's Rating	Aa2
S&P Rating	AA-
Years to Final Maturity	1.33
Years to Effective Maturity	1.33
Eff Maturity	10/29/2024
Footnotes: 1,2,3	



Performance

Period	Total Return	Book Return	Period Begin	Period End
Year to Date	1.602%	0.948%	01/01/2023	06/30/2023
Trailing Month	-0.019%	0.106%	06/01/2023	06/30/2023
Trailing Quarter	0.246%	0.452%	04/01/2023	06/30/2023
Trailing Year	1.486%	1.671%	07/01/2022	06/30/2023
Prior Month	-0.088%	0.172%	05/01/2023	05/31/2023
Prior Quarter	1.352%	0.494%	01/01/2023	03/31/2023
Prior Year	-3.371%	1.263%	01/01/2022	12/31/2022
Since Inception	4.604%	---	02/16/2018	06/30/2023



1: * Weighted by: Base Book Value + Accrued. 2: * Formula Column: Coupon = [Coupon]*1. 3: * Formula Column: Economic Income (12 mo) = [Amort Cost]*[Yield at Cost]/100.

Account Summary (2)

06/01/2023 - 06/30/2023

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ICAP - Index Agg (185375)

Dated: 07/06/2023

Top Ten Obligor

Issuer	Total Market Value (\$)	% of Portfolio
Truist Bank	4,724,165	1.56%
State of Ohio	4,754,083	1.57%
Costco Wholesale Corporation	4,900,824	1.62%
American Honda Finance Corporation	5,013,681	1.65%
Acalanes California Union High School District	7,687,768	2.53%
Successor Agency to the San Jose Redevelopment Agency	7,755,537	2.56%
Toyota Motor Credit Corporation	9,117,418	3.00%
Bank of America Corporation	9,909,331	3.27%
The New York State Urban Development Corporation	11,603,839	3.82%
United States Department of The Treasury	101,096,638	33.32%

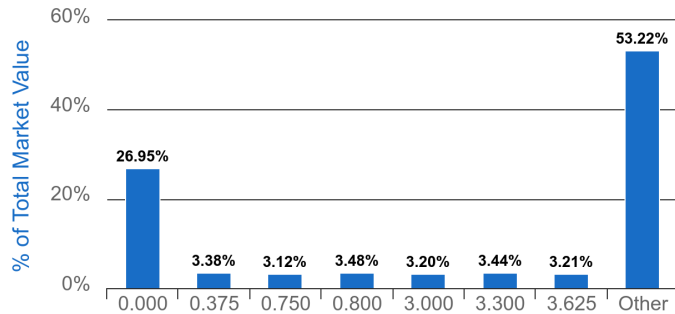
Footnotes: 1,2,3

Top Ten Sectors

Industry Subgroup	Total Market Value (\$)	% of Portfolio
Retail-Discourt	4,900,824	1.62%
Medical-Drugs	6,106,386	2.01%
Diversified Manufact Op	6,396,828	2.11%
Medical	7,765,962	2.56%
Auto-Cars/Light Trucks	14,131,099	4.66%
Commer Banks-Southern US	14,633,495	4.82%
Utilities	26,570,229	8.76%
General Obligations	44,902,239	14.80%
Education	46,730,057	15.40%
Sovereign	101,096,638	33.32%

Footnotes: 3,4,5

Coupon



1: * Grouped by: Issuer. 2: * Groups Sorted by: % of Portfolio. 3: * Weighted by: Total Market Value (\$). 4: * Grouped by: Industry Subgroup. 5: * Groups Sorted by: Total Market Value (\$).

Account Summary (3)

ICAP - Index Agg (185375)

Base Currency: USD As of 06/30/2023

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Dated: 07/06/2023

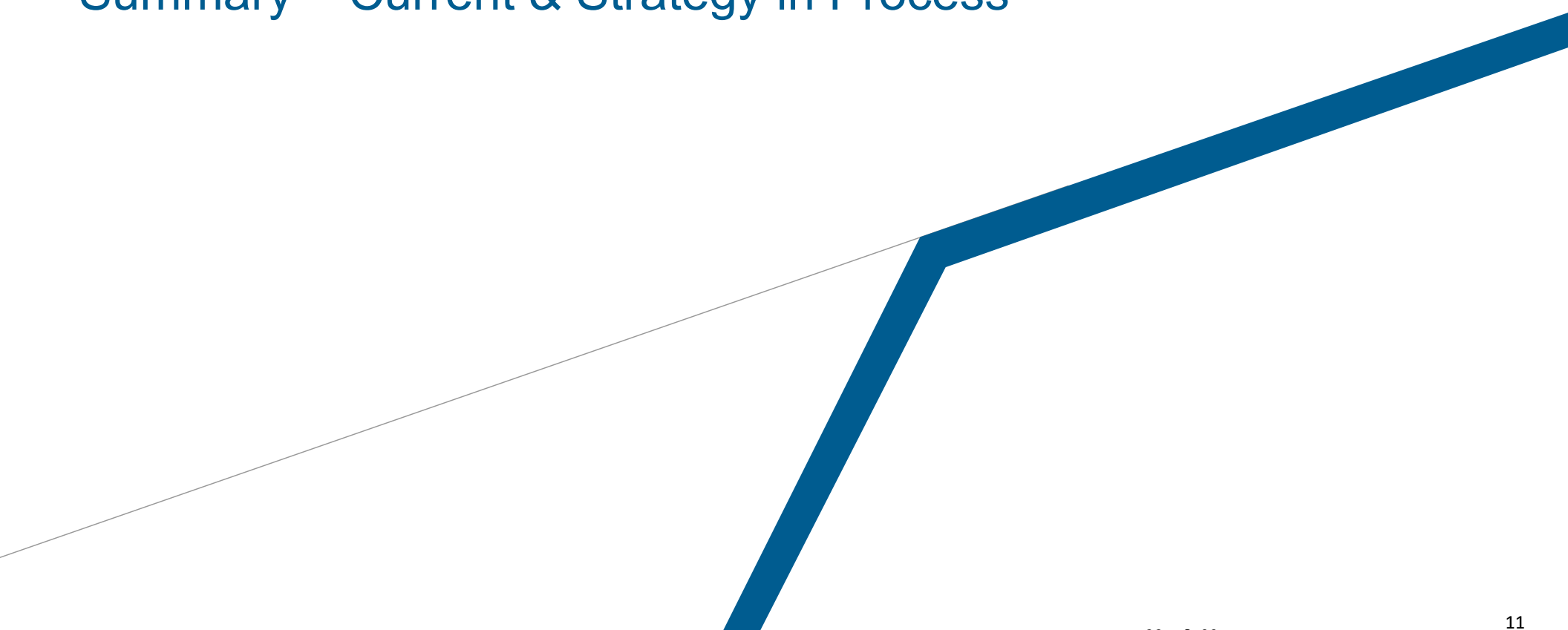
Security Type	Total Market Value	Market Value	Accrued Interest	% of Portfolio	Yield at Cost	Market Yield	Modified Duration	Coupon	Unrealized G/L	Economic Income (12 mo)	Moody's Rating	S&P Rating	Years to Final Maturity	Eff Maturity
CASH	27,093	27,093	0	0.01%	0.00	0.00	0.00	0.00	0	0	Aaa	AAA	0.00	06/30/2023
CORP	71,703,976	71,132,007	571,969	23.63%	2.26	5.41	1.87	2.73	-3,813,037	1,695,416	A1	A	1.99	06/26/2025
MMFUND	480,097	480,097	0	0.16%	5.02	5.02	---	5.02	0	24,101	Aaa	AAAm	0.00	06/30/2023
MUNI	130,101,938	128,976,471	1,125,468	42.88%	1.06	5.28	1.48	2.46	-8,699,595	1,458,193	Aa1	AA	1.56	01/21/2025
T-BILL	81,389,912	81,389,912	0	26.83%	4.82	4.70	0.20	0.00	-77,891	3,924,823	P-1	A-1+	0.20	09/11/2023
US GOV	19,706,727	19,678,026	28,701	6.50%	2.58	4.98	1.85	1.21	-783,979	527,106	Aaa	AA+	1.91	05/29/2025
---	303,409,743	301,683,605	1,726,138	100.00%	2.42	5.14	1.27	1.81	-13,374,503	7,629,638	Aa2	AA-	1.33	10/29/2024

* Grouped by: Security Type. * Groups Sorted by: Security Type. * Weighted by: Base Book Value + Accrued. * Holdings Displayed by: Position.

* Yield at Cost = [Book Yield], Summary Calculation: Weighted Average. * Coupon = [Coupon]*1, Summary Calculation: Weighted Average. * Economic Income (12 mo) = [Amort Cost]*([Book Yield])/100, Summary Calculation: Sum.

SECTION 2

Summary – Current & Strategy in Process



Rebalancing Summary

As of June 20, 2023

Portfolio Strategy Summary

- Much of the aggregate portfolio is very short dated with 34% maturing in 2023, 21% maturing in 2024 and 33% maturing in 2025.
- In 2022, the benchmark the Bloomberg U.S. Aggregate Government / Credit 1-5 year index was down -5.50%.
- The index has a duration of approximately 2.64 years. If we would have had a similar duration, the portfolio valuation would have been down much more. The SVMH portfolio duration was just 1.66 years on December 31, 2022.
- The portfolio's short maturity structure and duration has protected value in an environment of sharply rising rates.
- When bonds mature at par, and as long as there are no credit events such as a bond restructuring or a default, any unrealized capital gains & losses mature at the face value of the bond.
- Now that the Fed has paused its interest rate hiking campaign and is expected to be at or near its terminal rate, restructuring opportunities are emerging.
- We completed some opportunistic extensions in General and Board Designated utilizing corporate securities as rates peaked in late 2022 and early 2023.

Strategy in Process

- Shortened some Treasury maturities to take advantage of inverted yield curve and increase yield.
- Increased corporate exposure.
- Added callable Federal Agencies to further enhance yield as these securities should perform well in a range-bound interest rate environment.
- Net duration impact is roughly neutral. If we extend the portfolio duration, the portfolio's valuation will be inherently more volatile both on the upside and on the downside.
- Changed maturity structure from more bulleted to more barbelled adding 2024, 2027 and 2028 maturities and reducing 2025 maturity.

Portfolio Metrics Summary

As of June 20, 2023

Salinas Valley Memorial Healthcare System

	Current Portfolio	Strategy in Process
Beginning Market Value	\$303,762,444	\$303,762,444
Weighted Average Yield at Cost	2.42%	3.64%
Weighted Average Yield at Market	5.20%	5.48%
Economic Income at Cost (12 mo)*	\$7,595,079	\$11,200,107
Economic Income at Market (12 mo)*	\$15,775,081	\$16,642,854
Modified Duration (Years)	1.29	1.00
Existing Portfolio Swapped (%)	-	34.20%

*Economic Income is equal to the adjusted cost multiplied by the weighted average yield at cost.

Source: Clearwater, MS Portfolio Solutions, and 3D

Horizon Analysis - 12 Month Projection Summary

As of June 20, 2023

	Current Portfolio	Strategy in Process
Beginning Market Value	\$303,762,444	\$303,762,444
Ending Securities Market Value¹	\$173,602,263	\$108,234,337
Ending Reinvested Cash Flows²	\$145,022,495	\$211,629,456
Ending Total Value³	\$318,624,758	\$319,863,793
Total Return Value⁴	\$14,862,314	\$16,101,349
Total Return Percentage	5.08%	5.30%
Weighted Average Yield at Cost	3.11%	4.25%
Weighted Average Yield at Market	5.42%	5.84%
Economic Income at Cost (12 mo)⁶	\$9,447,012	\$12,909,904
Economic Income at Market (12 mo)⁶	\$16,454,812	\$17,727,576
Modified Duration (Years)	1.07	1.20

1: Value of securities not matured by end date

2: MMF value from matured bonds, coupons & interest-on-interest

3: Ending market value of bonds & MMF

4: Difference of ending & beginning total values

5: YTW at Cost is equal to the sum of (YTW@Cost_x multiplied by Market Value_x) divided by Total Market Value; x represents each position individually

6: Economic Income is equal to the yield multiplied by the beginning market value.

Source: MS Dremel, Investor Tools Perform

Horizon Analysis - 24 Month Projection Summary

As of June 20, 2023

	Current Portfolio	Strategy in Process
Beginning Market Value	\$303,762,444	\$303,762,444
Ending Securities Market Value¹	\$100,829,493	\$50,846,154
Ending Reinvested Cash Flows²	\$234,428,312	\$286,085,452
Ending Total Value³	\$335,257,805	\$336,931,606
Total Return Value⁵	\$31,495,361	\$33,169,162
Total Return Percentage	10.56%	10.92%
Annualized Total Return⁴	5.15%	5.32%
Weighted Average Yield at Cost	4.04%	4.83%
Weighted Average Yield at Market	5.65%	6.23%
Economic Income at Cost (12 mo)⁶	\$12,272,003	\$14,671,726
Economic Income at Market (12 mo)⁶	\$17,165,616	\$18,924,400
Modified Duration (Years)	0.55	1.14

1: Value of securities not matured by end date

2: MMF value from matured bonds, coupons & interest-on-interest

3: Ending market value of bonds & MMF

5: Difference of ending & beginning total values

5: YTW at Cost is equal to the sum of (YTW@Cost_x multiplied by Market Value_x) divided by Total Market Value; x represents each position individually

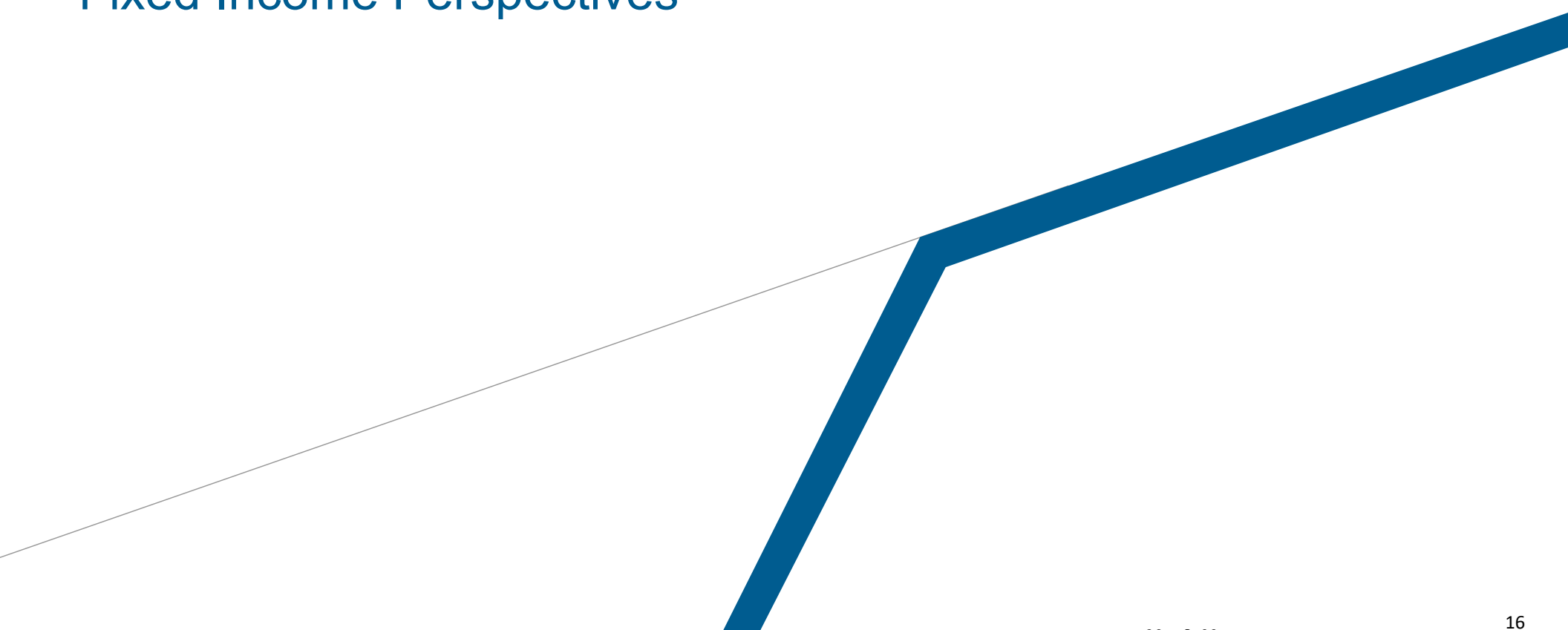
6: Economic Income is equal to the yield multiplied by the beginning market value.

7: Monthly compounded total return for 12 months

Source: MS Dremel, Investor Tools Perform

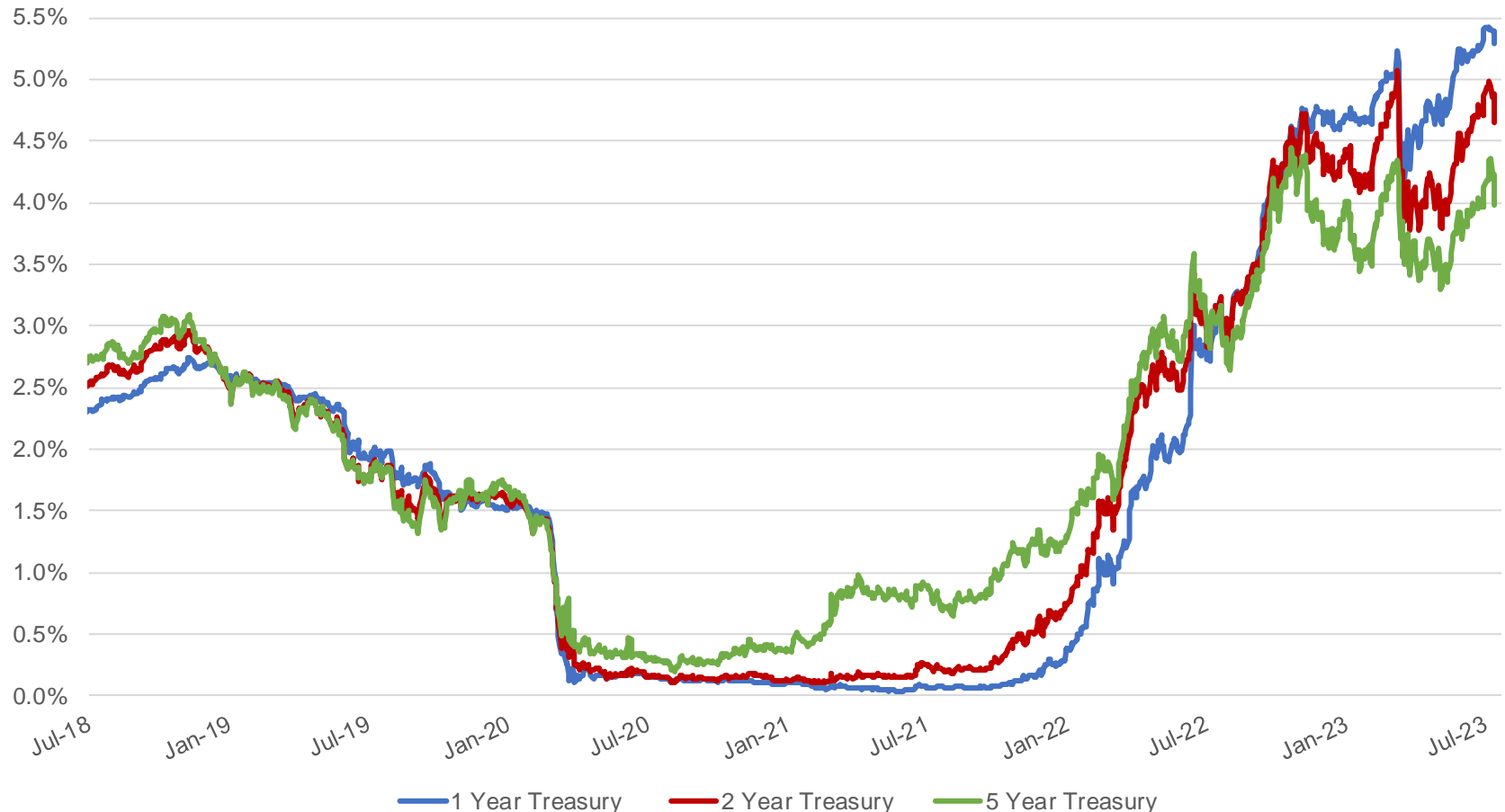
SECTION 3

Fixed Income Perspectives



Treasury Yield Curve

July 1, 2018 – July 13, 2023



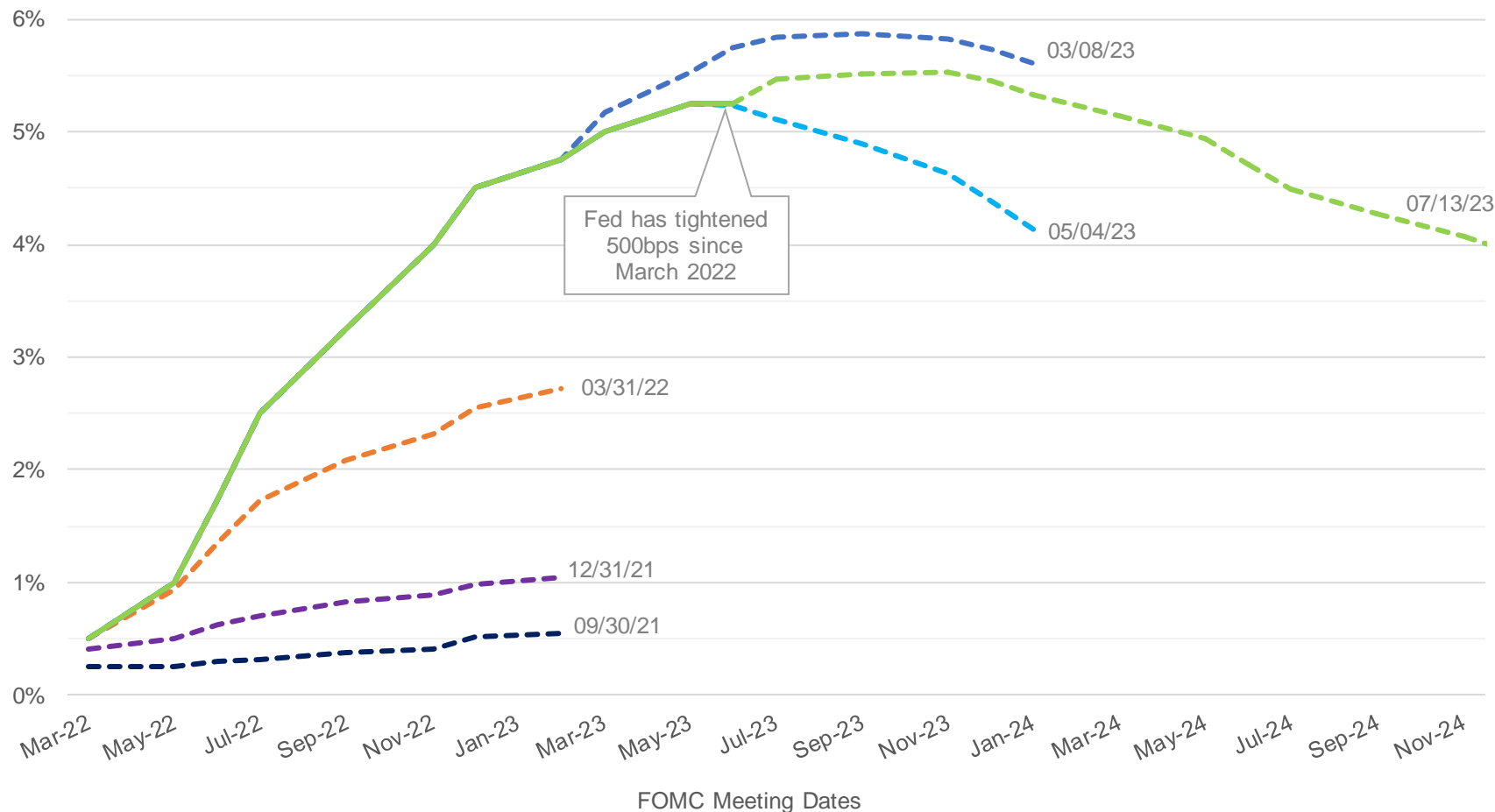
Benchmark Treasury yields have risen dramatically since the beginning of the year and have gone from historic lows to having now surpassed pre-pandemic levels. This rise in rates has been driven by high inflation and expectations that the Fed will have to continue to raise its policy rate to cool economic activity and bring prices down.

Source: Bloomberg L.P., As of 7/13/23

Treasury yield curves are updated as real time data

Fed Funds Futures

September 30, 2021 – July 13, 2023



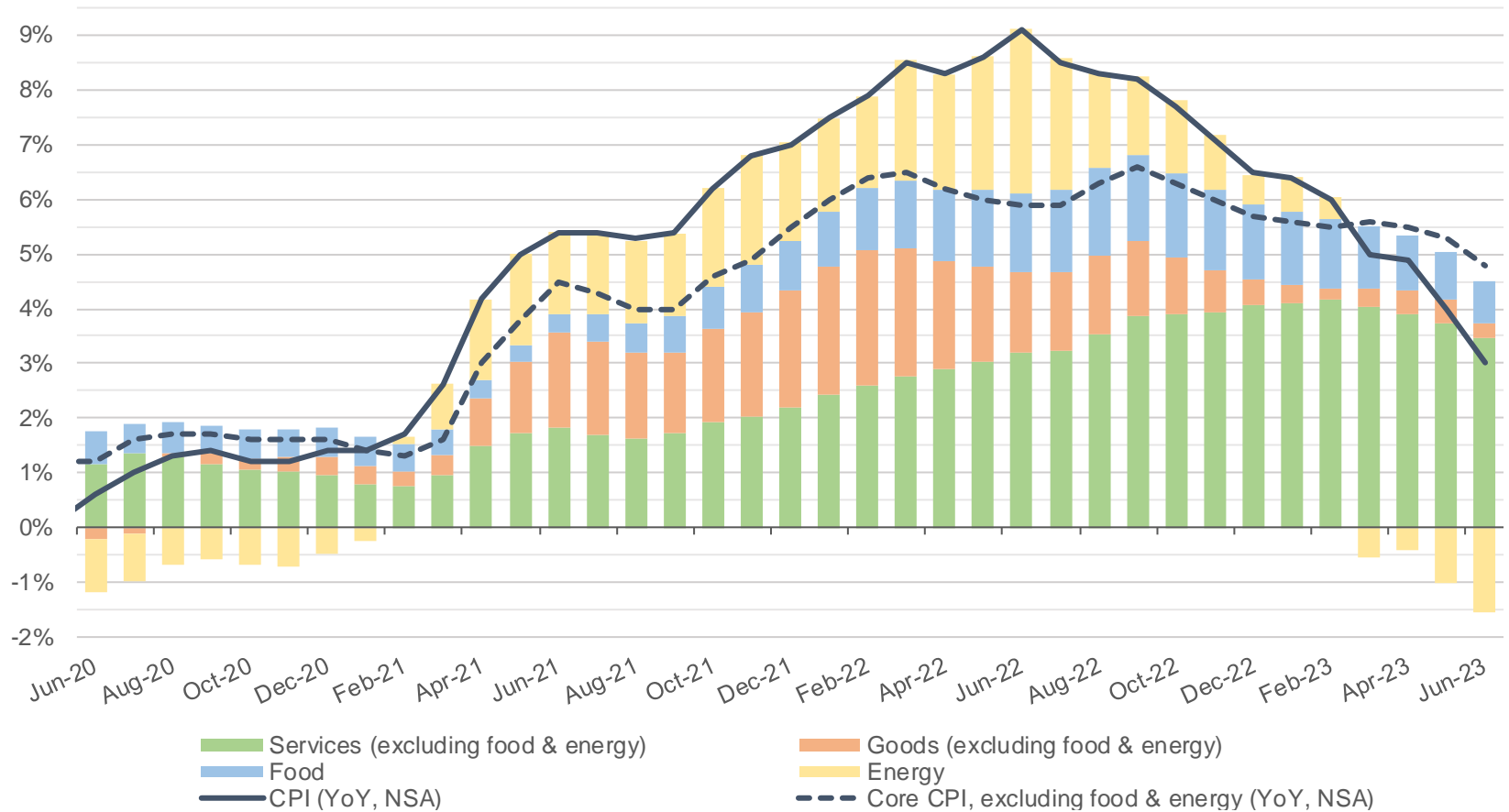
Market expectations for Fed rate hikes, of 25 basis points each, changed dramatically since last September. As the Fed signaled a more hawkish stance and inflation readings came in higher than anticipated, the market began pricing in more rate hikes in 2022.

Source: Bloomberg L.P., As of 7/13/23

Fed Fund Futures are updated as real time data

Consumer Price Index and Components

June 30, 2020 – June 30, 2023



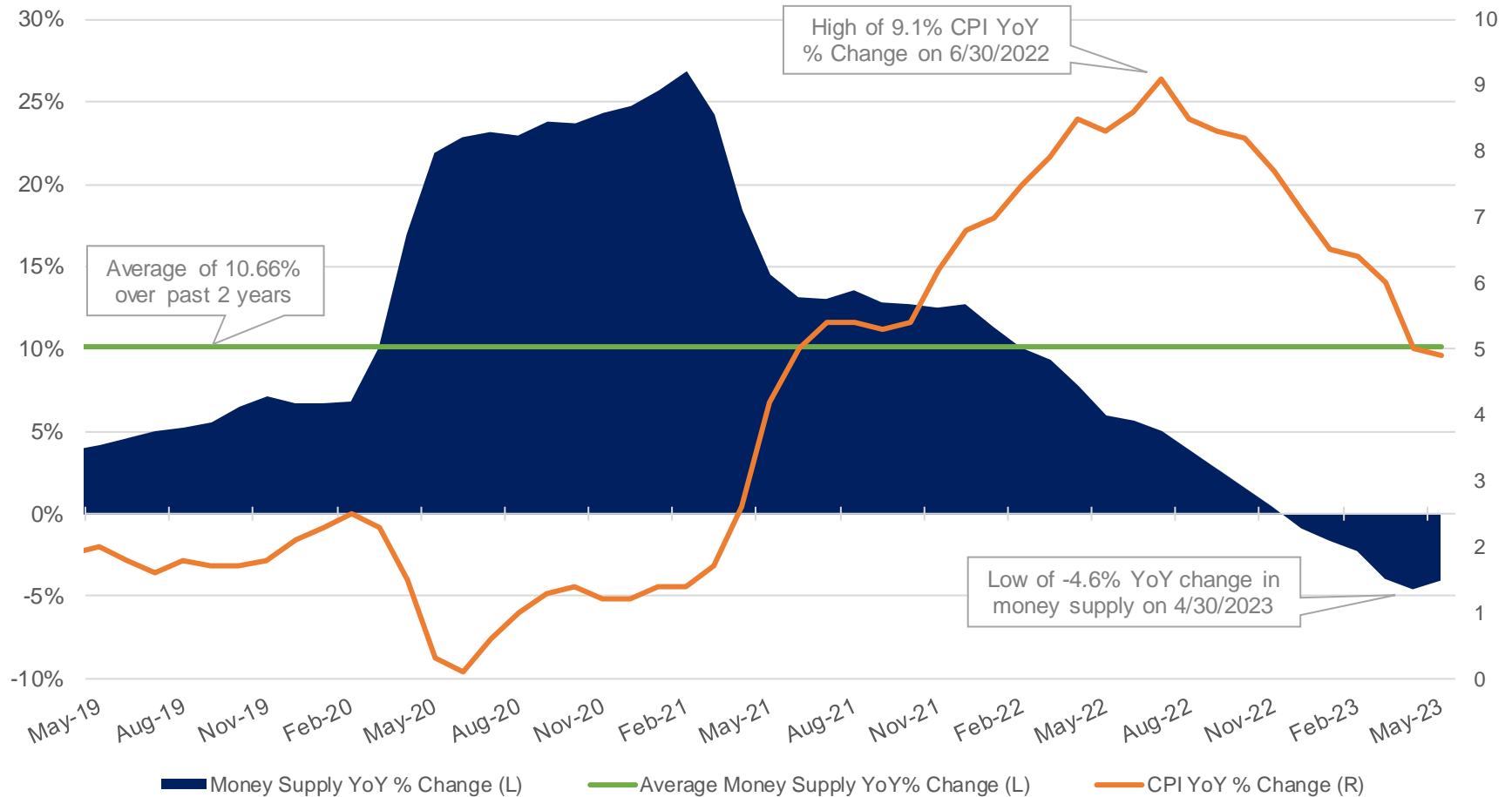
The consumer price index (CPI) continued peaked at a forty year high of 9.1% in June as price increases broadened and became more entrenched. CPI has since come down in July driven by declines in energy and some goods. Core CPI remains elevated and may be tougher to bring down in the short-term.

Source: Bloomberg L.P., As of 7/12/23

Previous CPI data release 7/12/23 and next is 8/10/23

Change in Money Supply and CPI

March 31, 2019 – May 31, 2023



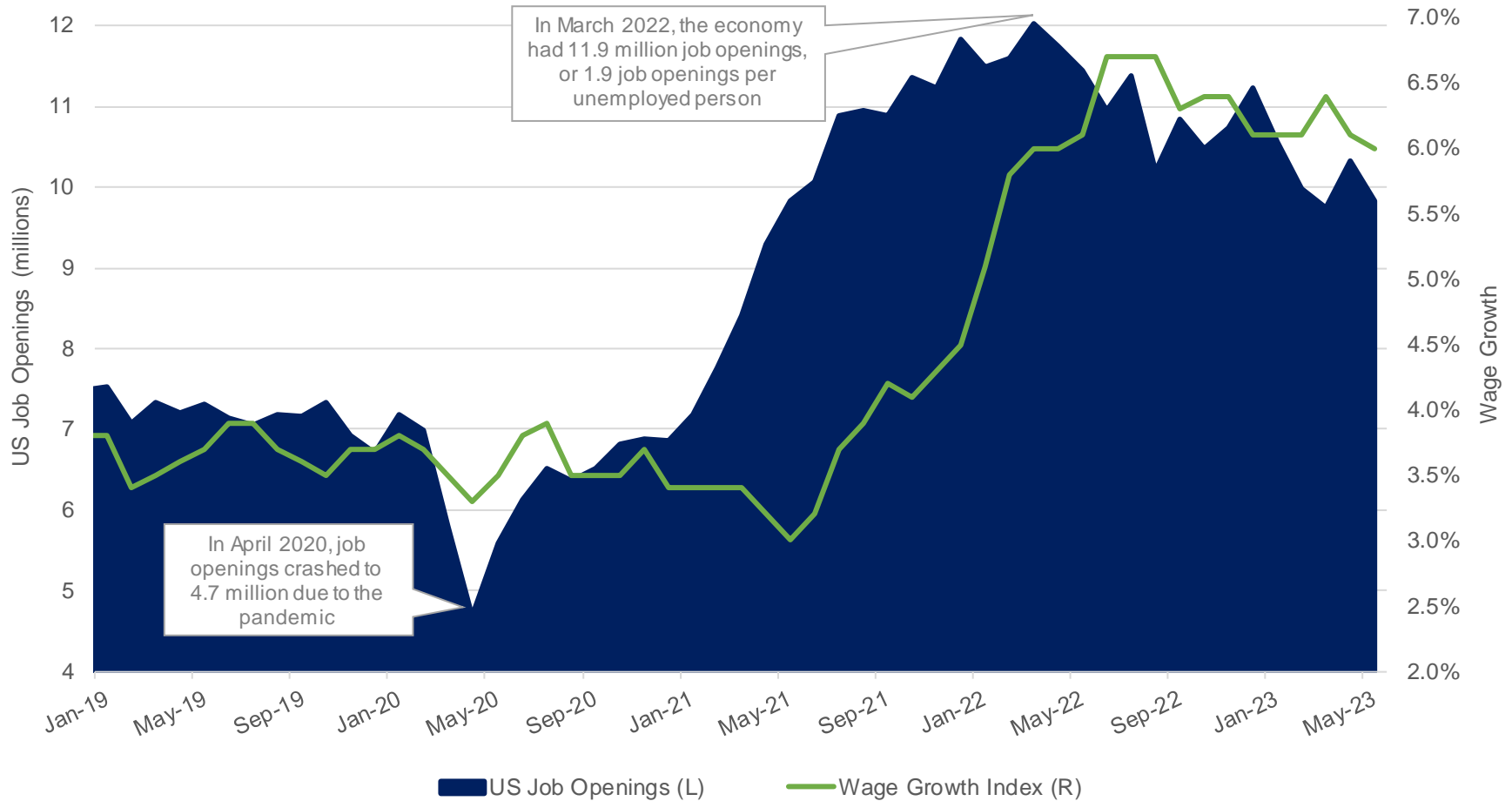
Despite a slowdown in the growth of money supply from the early days of the pandemic and the fiscal stimulus that followed, consumer prices continue to climb higher. Even as monetary support is expected to decline, price pressures may persist as wage growth, a shift in spending from goods to services, and higher commodity costs lead to more entrenched inflation.

Source: Bloomberg L.P., As of 7/3/23

Previous M2 data release 6/27/23 and next is 7/25/23
 Previous CPI data release 6/14/23 and next is 7/12/23

Job Openings and Wage Growth

January 1, 2019 – May 31, 2023



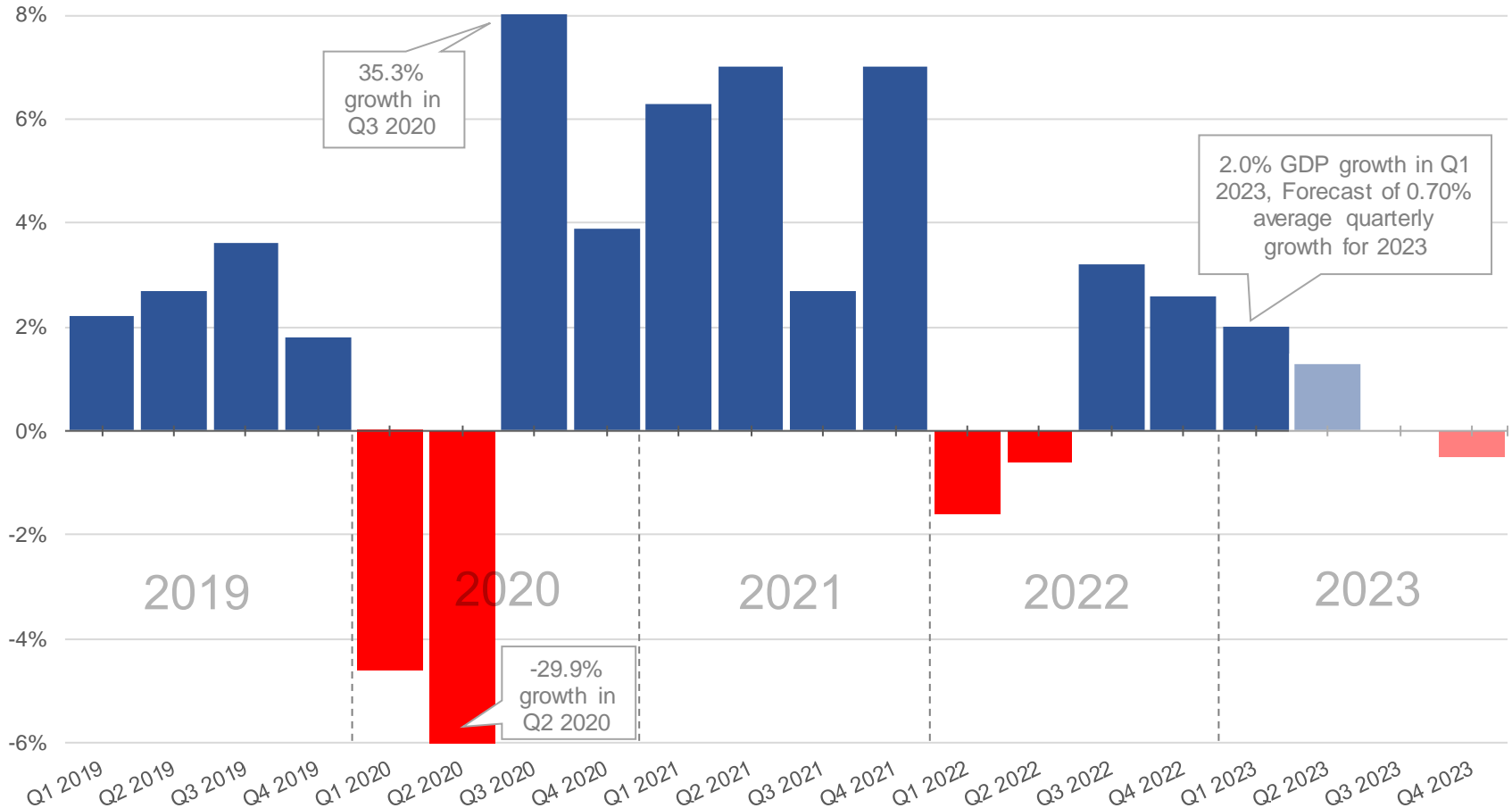
With fewer people working and a sizeable need for workers across the country, employers have had to increase wages to attract or retain talent.

Source: Bloomberg L.P., As of 7/7/23

Previous Job Openings data release 7/6/23 and next is 8/1/23
Wage growth data is expected on the second Friday of each month

U.S. Quarterly GDP Growth

January 1, 2019 – March 31, 2023



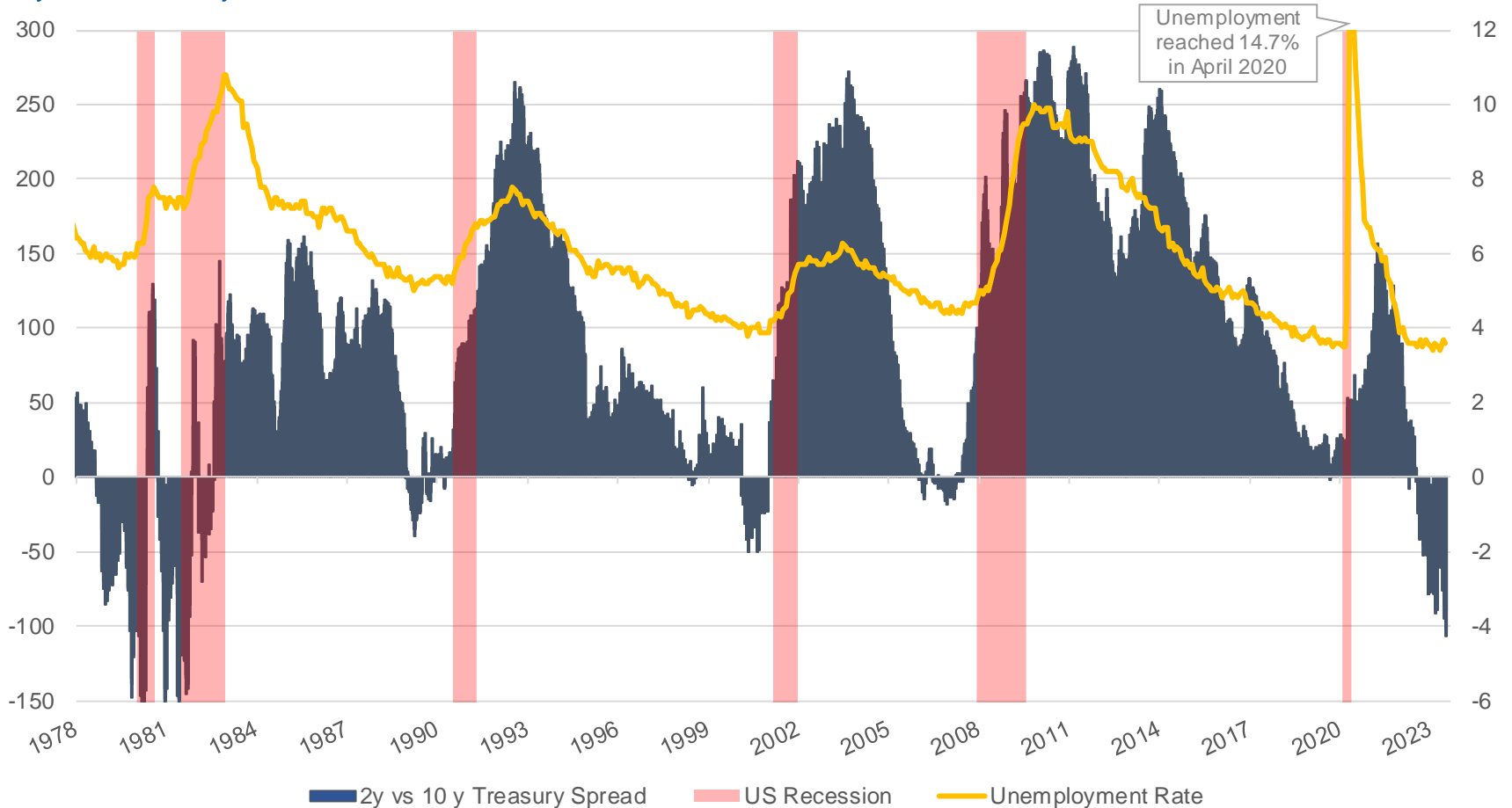
After a rebound in growth after two consecutive quarters of negative growth, GDP in 2023 is currently forecasted to be lower than the previous two quarters and close to flat for the final quarter of 2023. This suggests an expectation that economic activity will slow down throughout 2023.

Source: Bloomberg L.P., As of 7/13/23

Previous GDP data release 6/29/23 and next is 9/28/23

2 Yr. vs 10 Yr. Treasury Yield Curve

May 1, 1981 – July 7, 2023



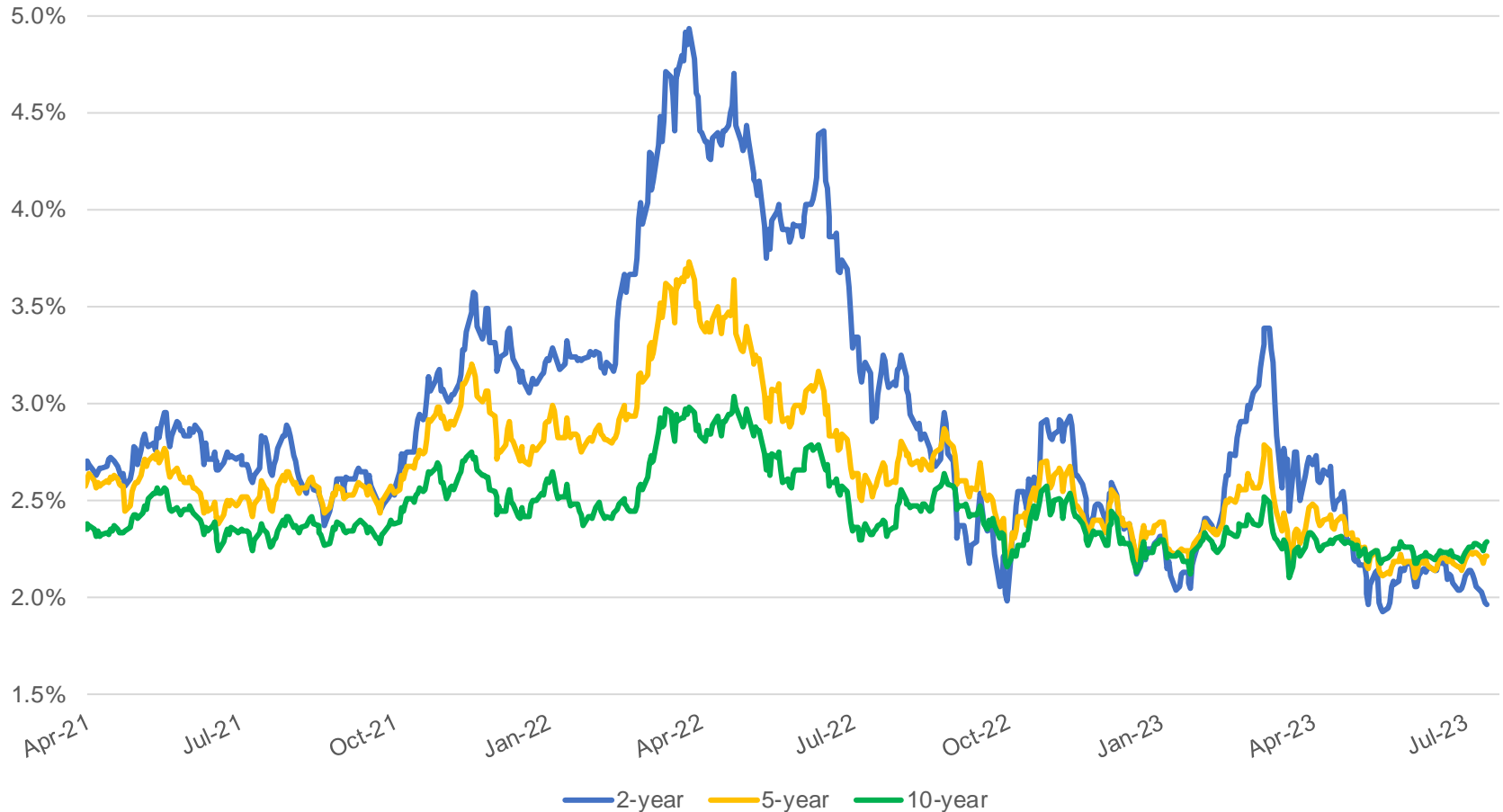
An inverted 2yr vs 10yr curve has been an indicator of a coming recession since at least 1980 though the recession in 2020 was brought on by COVID and not underlying economic conditions. The depth and length of the inverted yield curve will be a gauge the market watches for signals of a potential recession down the road. The yield began to invert in July of 2022.

Source: Bloomberg L.P., As of 7/12/23

Treasury spread is updated as real time data, and quoted weekly
 Previous unemployment data release 7/7/23 and next is 8/4/23

Breakeven Inflation Rates

April 1, 2021 – July 13, 2023



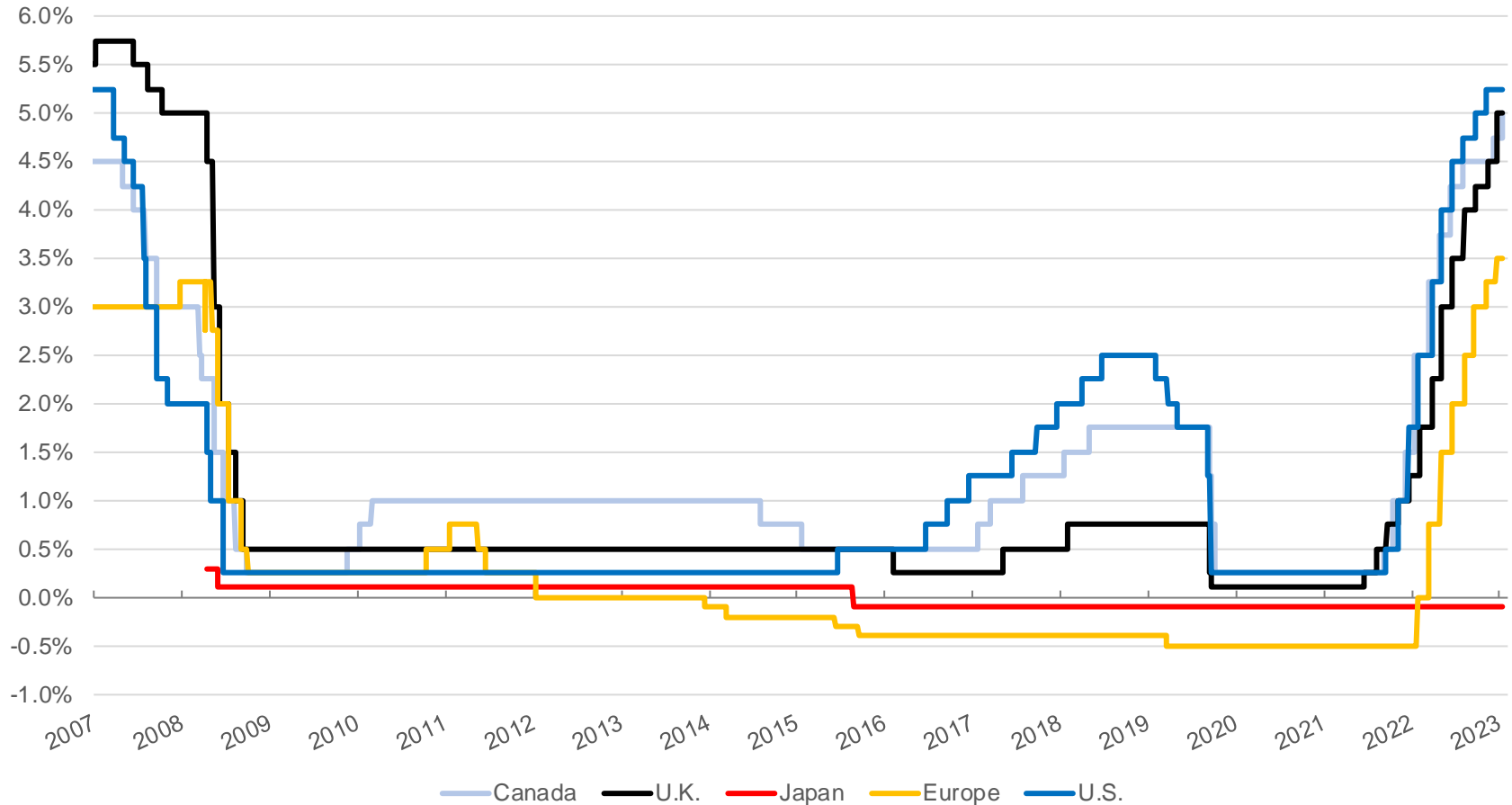
Reflective of market implied inflation expectations, breakeven rates spiked in early 2022 as consumer prices moved higher due to the situation in eastern Europe, global supply chain issues, and strong consumer demand. As central banks raised policy rates across the globe and inflation has come down some, the breakeven rates have also come down.

Source: Bloomberg L.P., As of 7/13/23

Breakeven inflation is updated as real time data

Global Policy Rates

July 1, 2007 – July 13, 2023



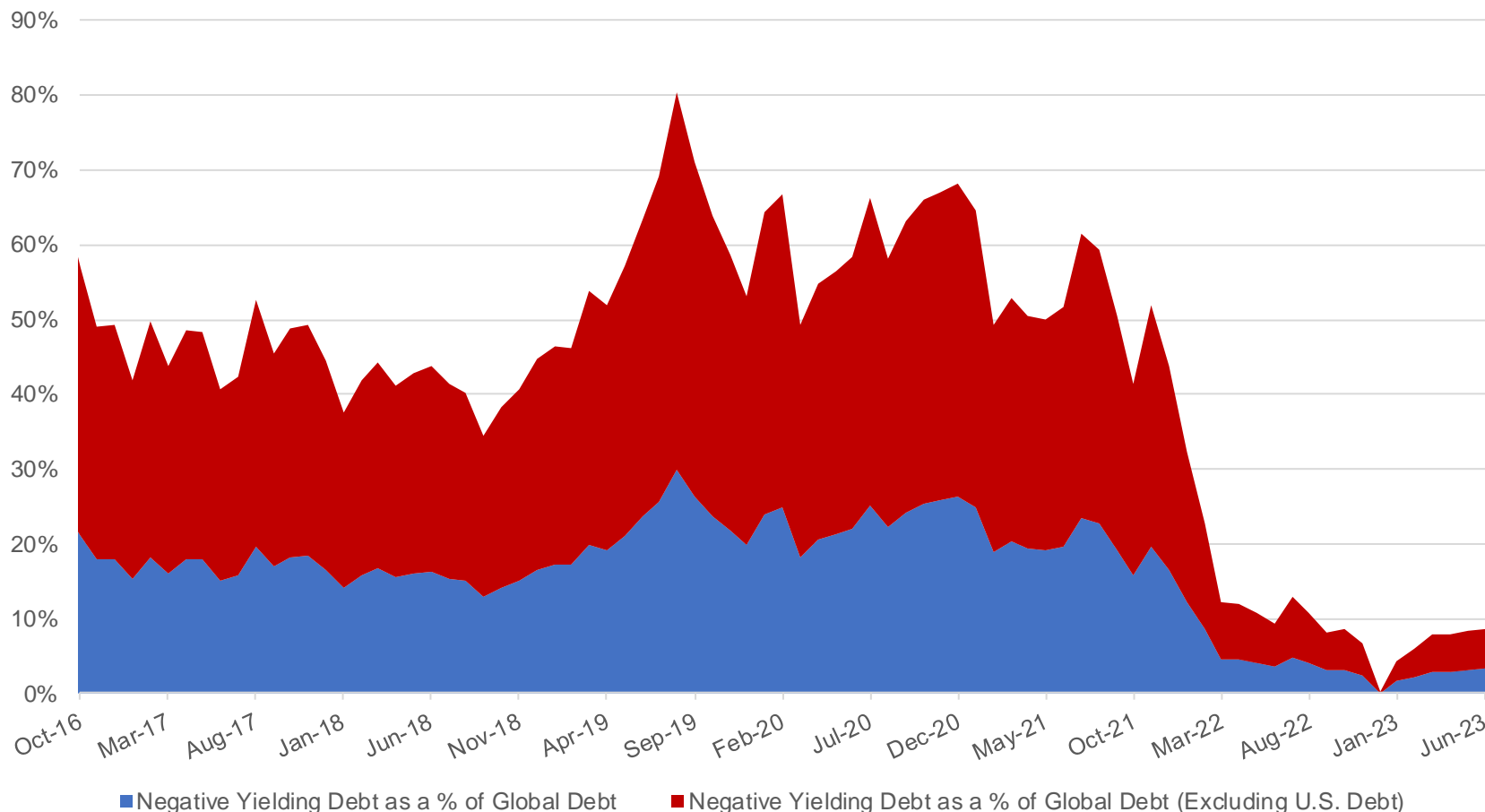
After quickly dropping policy rates to near zero during the Great Recession (excluding Japan), major central banks are once a gain poised to begin making policy adjustments. Too much too soon could slow growth and so how each bank navigates the next year will have major implications for the ongoing recovery.

Source: Bloomberg L.P., As of 7/13/23

Global policy rates are updated as real time data

Global Negative Yielding Debt (%)

October 1, 2016 – June 30, 2023



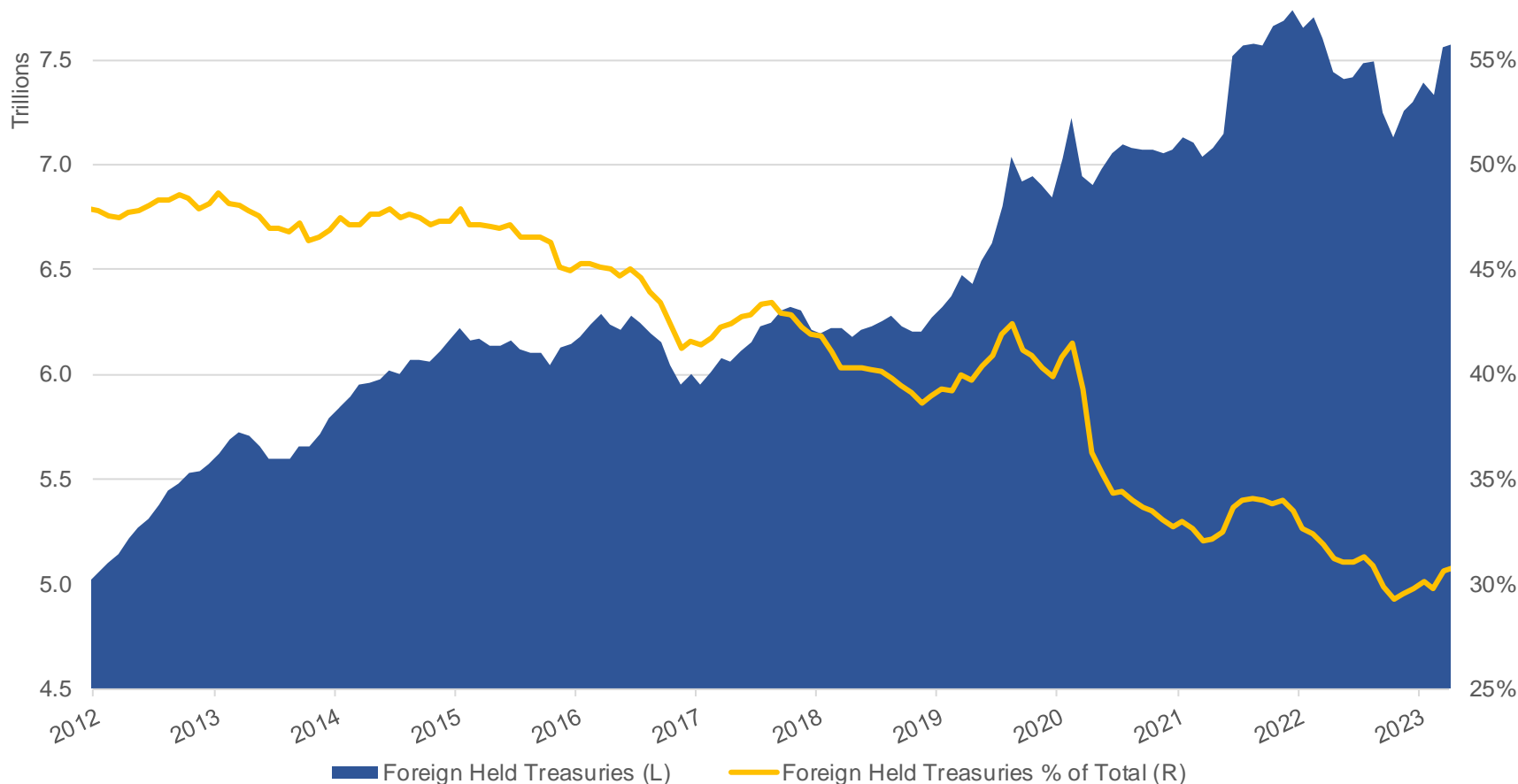
Prior to 2022, negative yields were becoming increasingly commonplace around the world. As of 12/31/2021, 18% of total global debt was negative yielding debt. If you exclude the United States and examine only international debt, the percentage jumps to 29%. As of April 30, 2023, these figures were 2.91% and 4.95% respectively.

Source: Bloomberg L.P., Barclays PLC, As of 7/6/23

Negative yielding debt data is published at the end of each month

Foreign-Held Demand for U.S. Treasury Securities Declines

January 31, 2012 – April 30, 2023



Concerns over the slowdown in economic growth paired with the growing amount of negative-yielding debt around the world had led to a surge in foreign holdings of U.S. Treasury debt. Since 2022, that trend has reversed given rising rates across the globe and very little negative yielding debt.

Source: U.S. Department of the Treasury, As of 5/31/23

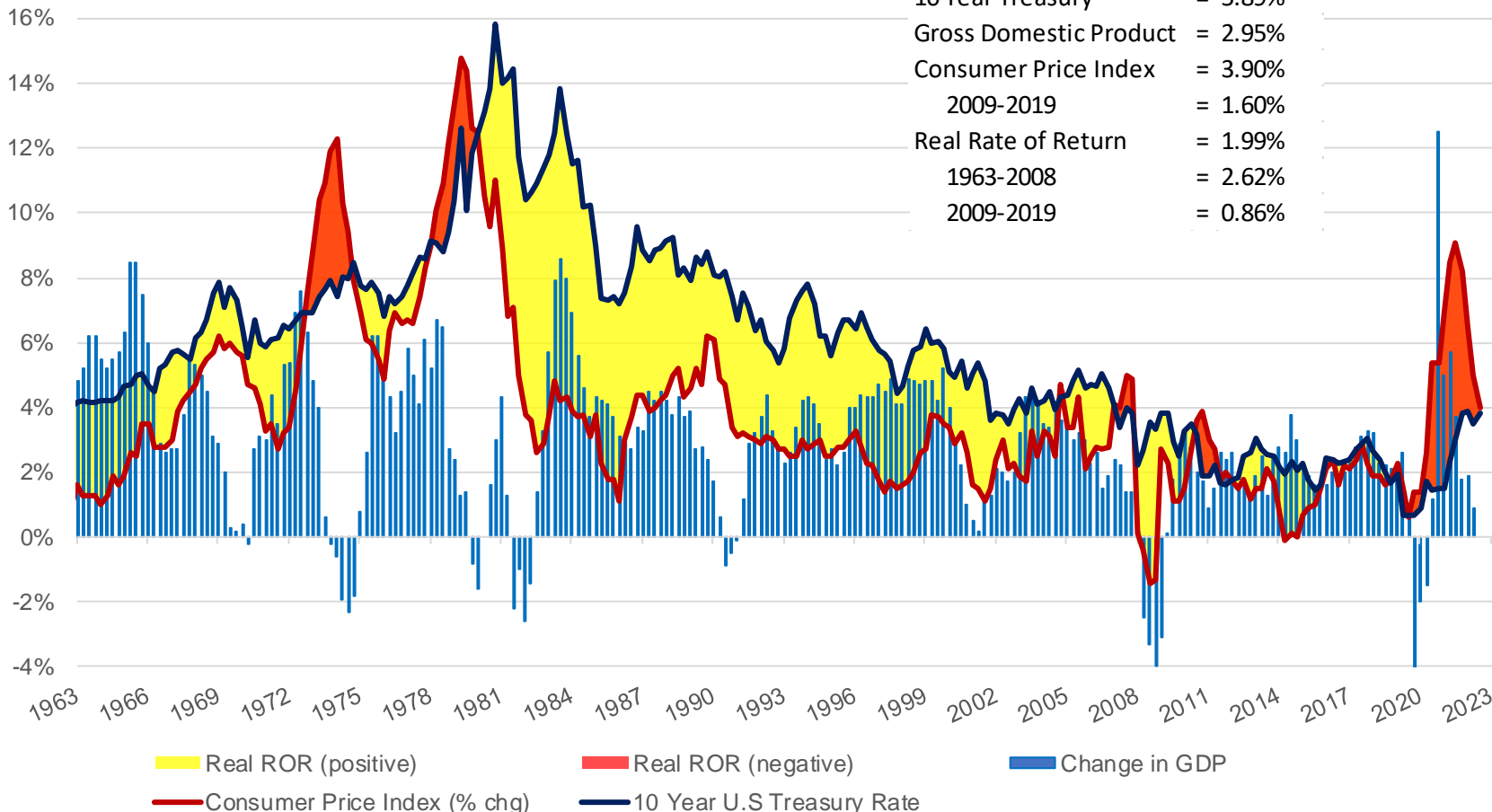
Previous foreign treasury data release 6/15/23 and next is 7/18/23

Real Rate of Return

December 31, 1962 – June 30, 2023

Averages 1963 to Today

10 Year Treasury	= 5.89%
Gross Domestic Product	= 2.95%
Consumer Price Index	= 3.90%
2009-2019	= 1.60%
Real Rate of Return	= 1.99%
1963-2008	= 2.62%
2009-2019	= 0.86%



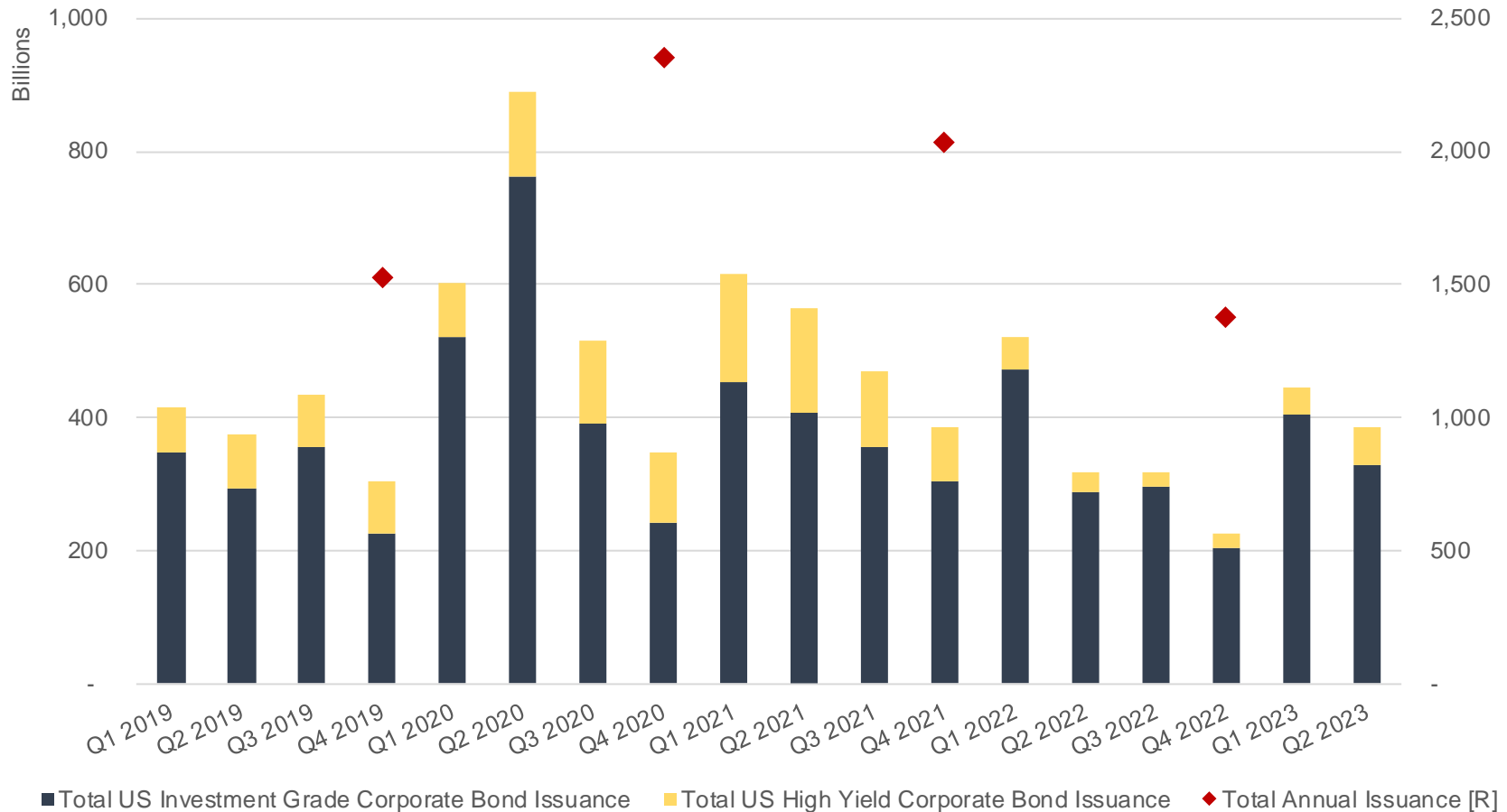
Note: The Real Rate of Return is calculated by subtracting the Consumer Price Index % change from the 10 Year Treasury Rate %.

Treasury rates are updated as real time data, and quoted quarterly
 Previous CPI data release 7/12/23 and next is 8/10/23
 Previous GDP data release 6/29/23 and next is 9/28/23

Source: Bloomberg L.P., As of 7/6/23

Corporate Issuance

March 31, 2019 – June 30, 2023



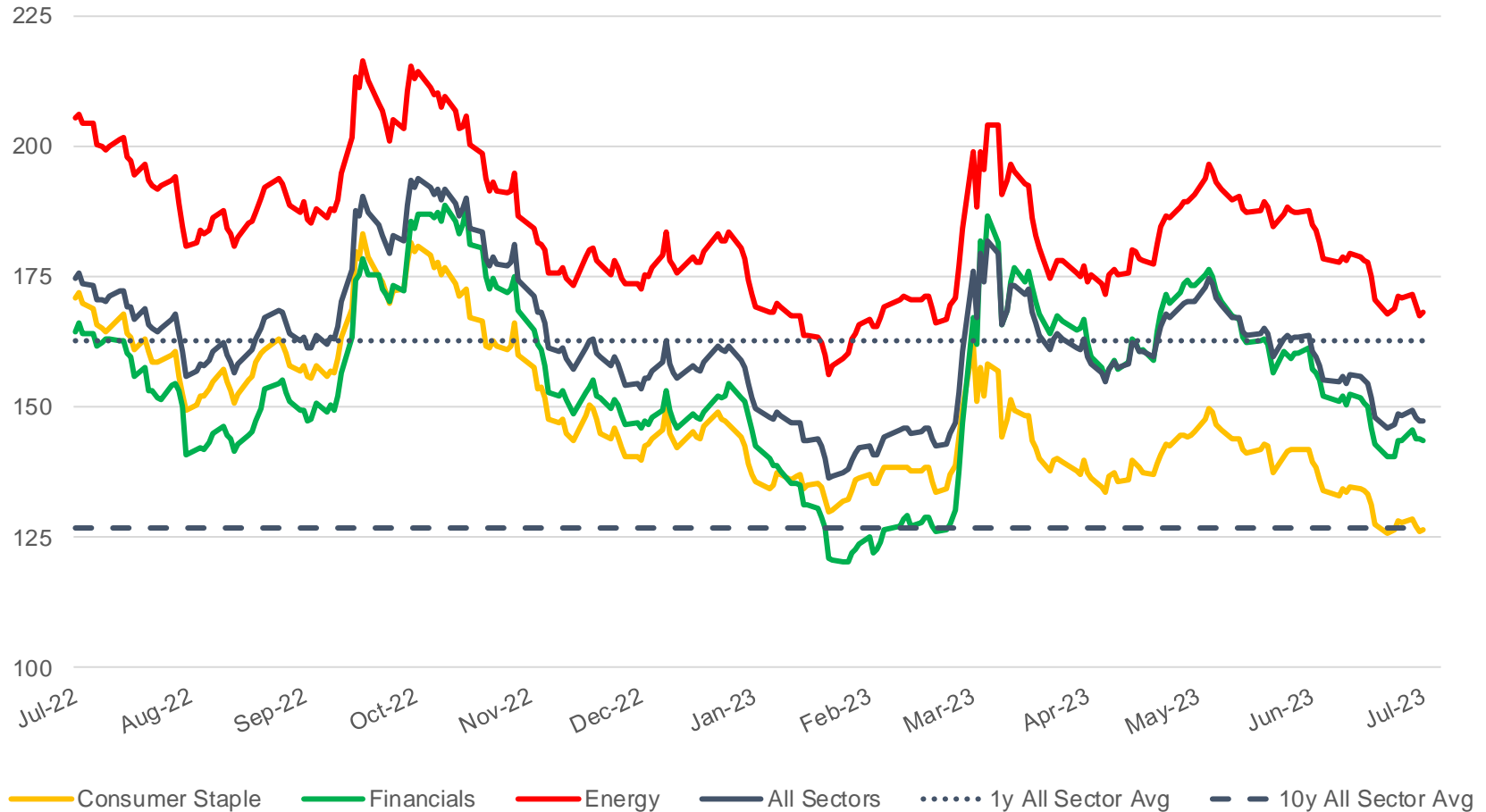
- Full year 2022 total corporate issuance was down 32.3% vs 2021*
- Q1 2023 total corporate issuance was down 14.3% vs last year*

Source: Bloomberg L.P., As of 7/3/23

Corporate issuances are updated as real time data, and quoted quarterly

U.S Investment Grade Option Adjusted Spreads

July 1, 2021 – July 13, 2023



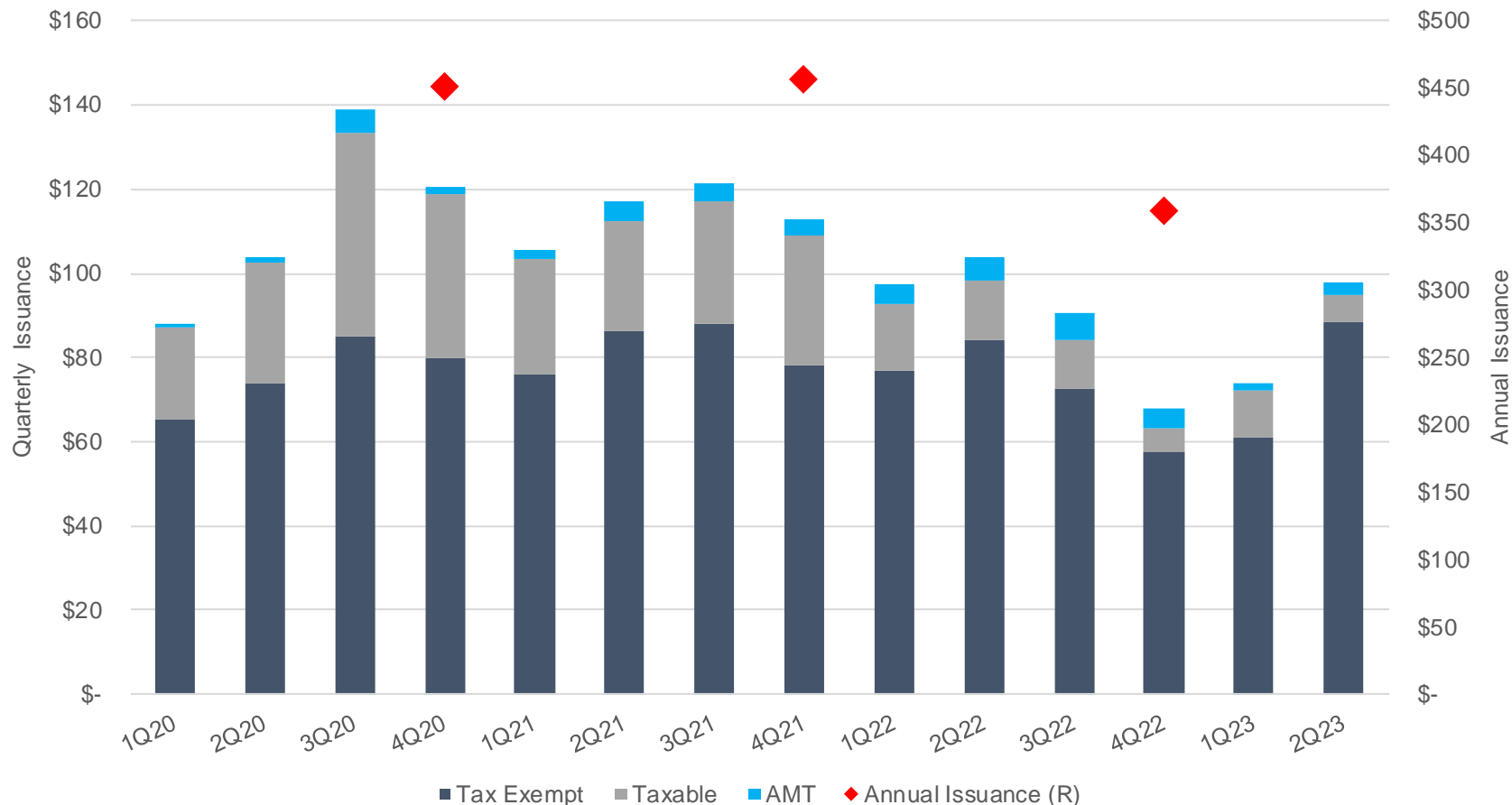
Corporate IG spreads have risen with yields and sectors have moved in unison thus far.

Source: Bloomberg L.P., As of 7/13/23

Investment grade option adjusted spreads are updated as real time data

Municipal Issuance

March 31, 2020 – June 30, 2023



- Full year 2022 total muni issuance was down 21.3% vs 2021*
- Through April 2023, YTD total issuance was down 20.9% vs last year*

Source: Bloomberg L.P., SIFMA As of 7/6/23

SIFMA data are updated monthly

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It is important that you understand the combination of accounts and account histories that are included in this Summary. Upon your request, performance information can be obtained for other accounts you may have at Morgan Stanley Private Wealth Management (a division of MSSB) or another Morgan Stanley affiliate not shown here.

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Bonds are affected by a number of risks, including fluctuations in interest rates, credit risk and prepayment risk. In general, as prevailing interest rates rise, fixed income securities prices will fall. Bonds face credit risk if a decline in an issuer's credit rating, or creditworthiness, causes a bond's price to decline. Finally, bonds can be subject to prepayment risk. When interest rates fall, an issuer may choose to borrow money at a lower interest rate, while paying off its previously issued bonds. As a consequence, underlying bonds will lose the interest payments from the investment and will be forced to reinvest in a market where prevailing interest rates are lower than when the initial investment was made.

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The Salinas Valley Memorial Healthcare District Employees Pension Plan

2023 Actuary's Report Summary
Eric Grant, Si Man Lei - WTW

July 25, 2023

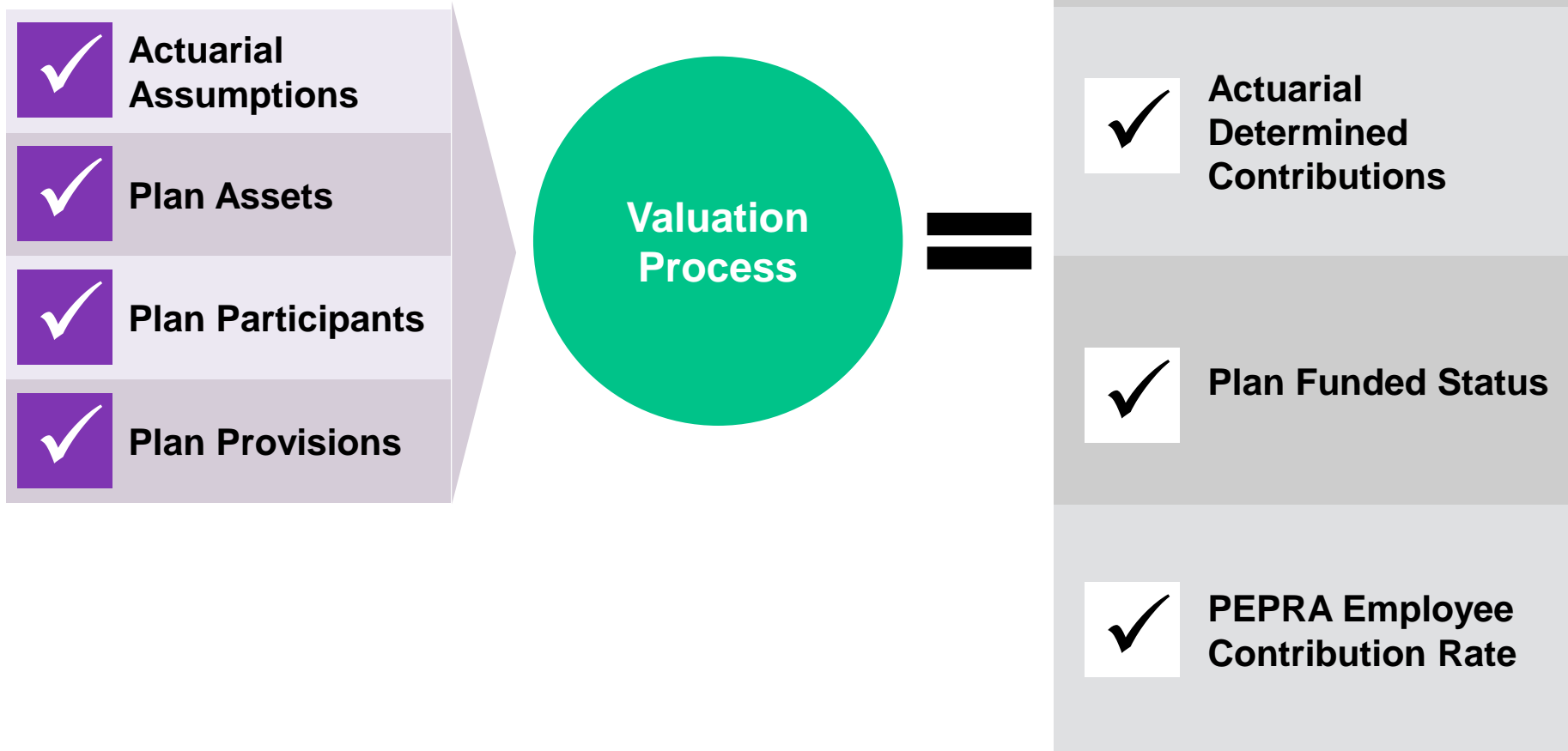
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Section 2.	Impact of Extra Contributions
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Section 5.	PEPRA Contribution Rate
Section 6.	Participant Statistics and Certification

Section 1

January 1, 2023 Valuation Results

Overview of Valuation Process



Key Valuation Assumptions and Methods

Interest Rate:	6.50% per annum, compounded annually
Mortality:	PubG-2010 Mortality Tables for males and females Projected generationally using MP-2021
Retirement:	Rates at ages 50-70 based on 2019 study of SVMH Experience <i>(assumption does not significantly conflict with what would be reasonable based on review of recent experience)</i>
Withdrawal:	Rates based on 2019 study of SVMH Experience <i>(assumption does not significantly conflict with what would be reasonable based on review of recent experience)</i>
Salary Scale:	Scale based on 2019 study

Actuarial Cost Methods:	Funding – Traditional Unit Credit Cost (TUC) Method for Classic and Entry Age Normal (EAN) for PEPRA Accounting – EAN Method (prescribed method)
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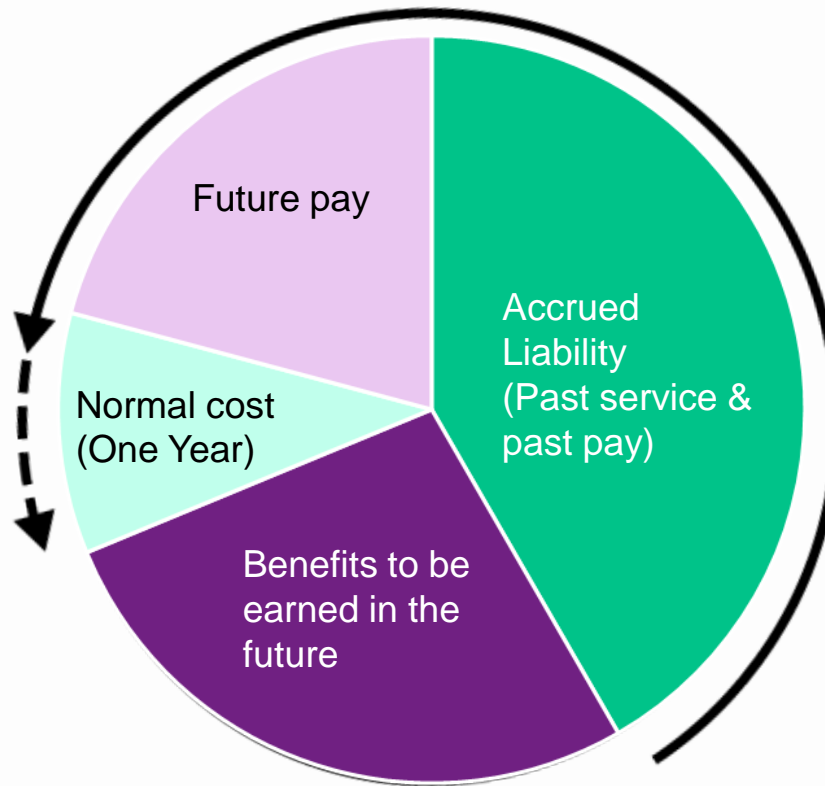
Actuarial Asset Methods:	Funding – 5-year smoothing of investment gains/losses (expected versus actual earnings). Accounting – Market Value
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Key Drivers of Liabilities, Expense, and Funding

- Census data
- Plan provisions
- Interest rate (aka expected asset return)
- Actual return on plan assets
- Salary growth
- Retirement rates
- Turnover rates
- Mortality rates
- Disability rates
- PEPPRA employee contribution rate



Liability Measures



PV Future Benefits = PV benefits attributed to service to date

January 1, 2023 Key Valuation Results

(in millions)	Contribution Funding Basis	GASB 68 Accounting Basis
PV Future Benefits	\$563.7M	\$563.7M
Accrued Liability ¹	\$408.1	\$458.7
Normal Cost	\$14.0	\$10.3
Actuarial Assets ^{2,3}	\$467.4	\$403.7
Overfunded/(Unfunded) Liability	\$59.3	(\$55.0)
2023 Funded%	114.5%	88.0%
2022 Funded%	104.8%	100.4%

¹ **Funding** uses **TUC/EAN** Method for Classic/PEPRA and **GASB accounting** uses **EAN** Method

² **Funding** uses **5-year Smoothed Value** of Assets and **GASB 68** uses **Market Value** of Assets (MVA)

³ Investment policy of 60% Equity and 40% Fixed Income

Actuarial Valuation Comparisons (Contribution Funding Basis)

(in millions)	January 1, 2022	January 1, 2023
Discount Rate	6.50%	6.50%
Mortality Tables	PubG-2010 with MP-2021	PubG-2010 with MP-2021
Actuarial Cost Method	TUC Classic/EAN PEPRA	TUC Classic/EAN PEPRA
PV of Future Benefits	\$548.6	\$563.7
Actuarial Accrued Liability	\$387.1	\$408.1
Actuarial Value of Assets (AVA)	\$405.7	\$467.4
Overfunded/(Unfunded) Liability	\$18.6	\$59.3
Funded % using AVA	104.8%	114.5%
Asset Return over Prior Year	12%	(18%)
Investment Earnings from Prior Year	\$46.9	(\$83.9)
Prior Year Additional Contribution	\$10.0	\$45.0
Current Year Actuarially Determined Contribution	\$10.1	\$12.5

Actuarial Valuation Comparisons (GASB Accounting Basis)

(in millions)	December 31, 2021	December 31, 2022
Discount Rate	6.50%	6.50%
Mortality Tables	PubG-2010 with MP-2021	PubG-2010 with MP-2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
PV of Future Benefits	\$548.6	\$563.7
Actuarial Accrued Liability ¹	\$440.5	\$458.7
Market Value of Assets	\$442.4	\$403.7
Overfunded/(Unfunded) Liability ²	\$1.9	(\$55.0)
Funded Ratio	100.4%	88.0%
Pension Expense	\$17.5 ³	\$28.3 ⁴

Unfunded liability increased by \$56.9M mainly due to:

- 2022 Investment loss, offset by
- \$64M in contributions

¹ Actuarial accrued liability is Total Pension Liability under GASB

² Unfunded Actuarial Liability is Net Pension Liability (NPL) under GASB

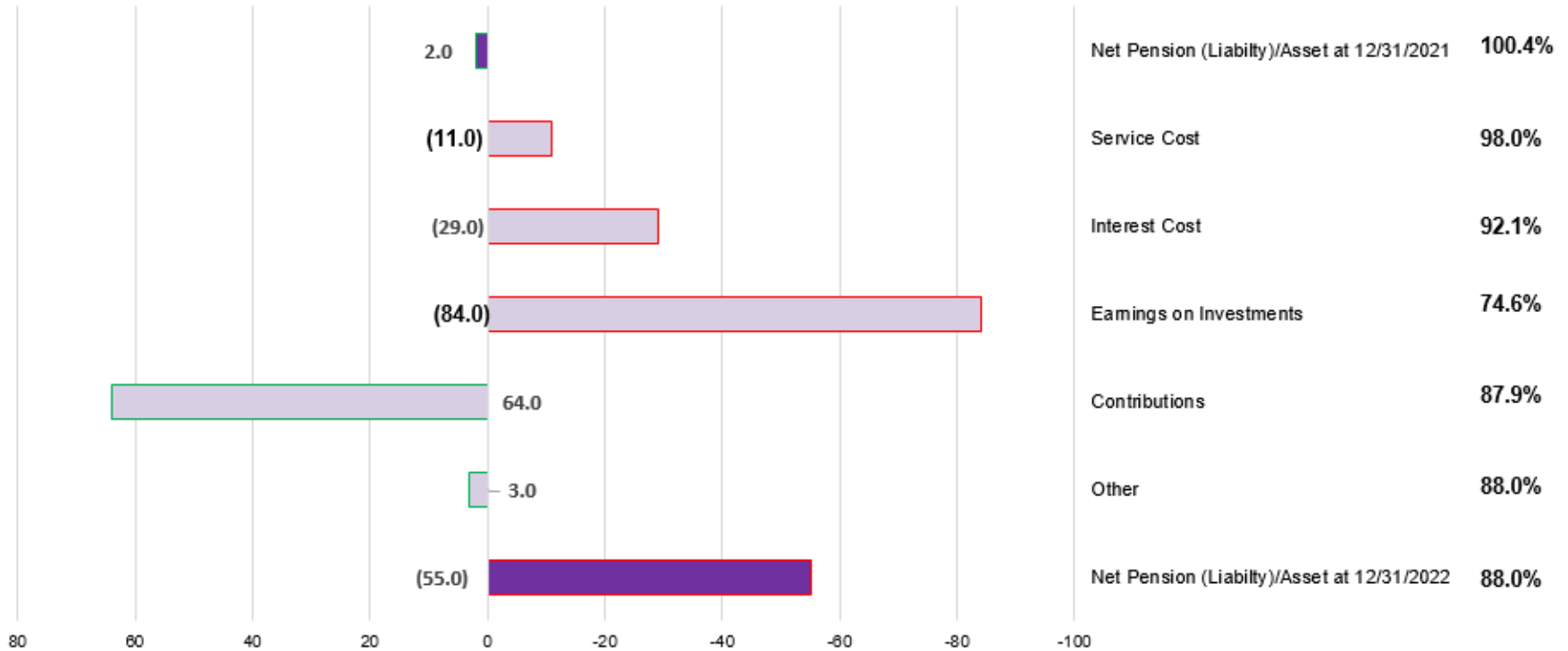
³ Includes additional pension expense recognition of \$13M

⁴ Includes additional pension expense recognition of \$7M plus amortization of prior additional pension expense of \$13M over 3 years

Reconciliation of GASB Funded Status

Reconciliation of Overfunded/(Unfunded) Actuarial Liability under GASB

Funded %



Large decrease in funded status during 2022

- Funded ratio deteriorated from 100% and 12/31/2021 to 88% at 12/31/2022 mainly due to large investment loss
- This was partially offset by additional contribution of \$45M made by Salinas Valley Health in March 2022

December 2019 to 2022 Accounting Snapshots

(in millions)	GASB 68 Accounting Basis (12/31/2019)	GASB 68 Accounting Basis (12/31/2020)	GASB 68 Accounting Basis (12/31/2021)	GASB 68 Accounting Basis (12/31/2022)
Accrued Liability ¹	\$411.7	\$428.2	\$440.5	\$458.7
Actuarial Assets ^{2,3}	\$331.1	\$368.0	\$442.4	\$403.7
Overfunded/ (Unfunded) Liability	(\$80.6)	(\$42.2)	\$1.9	(\$55.0)
Funded%	80.4%	90.1%	100.4%	88.0%

Investment performance better than expected by \$21.5M 13%⁴

Investment performance better than expected by \$21.5M 12%⁴

Investment performance worse than expected by \$115M (18%)⁴

¹ Using **EAN** Method

² Using **Market Value** of Assets (MVA)

³ Investment policy of 60% Equity and 40% Fixed Income

⁴ Actual rate return shown above should be compared to expected (6.5% in 2020-2022)

Review of Changes in GASB 68 Pension Expense

(in millions)	FY 2022	FY 2023
Prior FY GASB 68 Pension Expense	\$15.5	\$17.5
Expected Changes		
Change in Service Cost, Employee Contributions, Expense	(0.5)	0.6
Change in Interest on Total Pension Liability	1.0	0.7
Change in Projected Earnings	(3.4)	(5.5)
Change in Recognition Amounts ¹	<u>(2.3)</u>	<u>(14.6)</u>
Total Expected Changes	(5.2)	(18.8)
Unexpected Changes		
Change Due to Actuarial Experience other than Investments ²	0.6	(0.3)
Change Due to Investment Performance ³	(4.3)	22.9
Change Due to Actuarial Assumption Changes ⁴	(2.1)	0.0
Change Due to Plan Amendments	<u>0.0</u>	<u>0.0</u>
Total Unexpected Changes	(5.8)	22.6
Additional Pension Expense Recognition	13.0	7.0
Net Change	<u>2.0</u>	<u>10.8</u>
Current FY GASB 68 Pension Expense	\$17.5	28.3

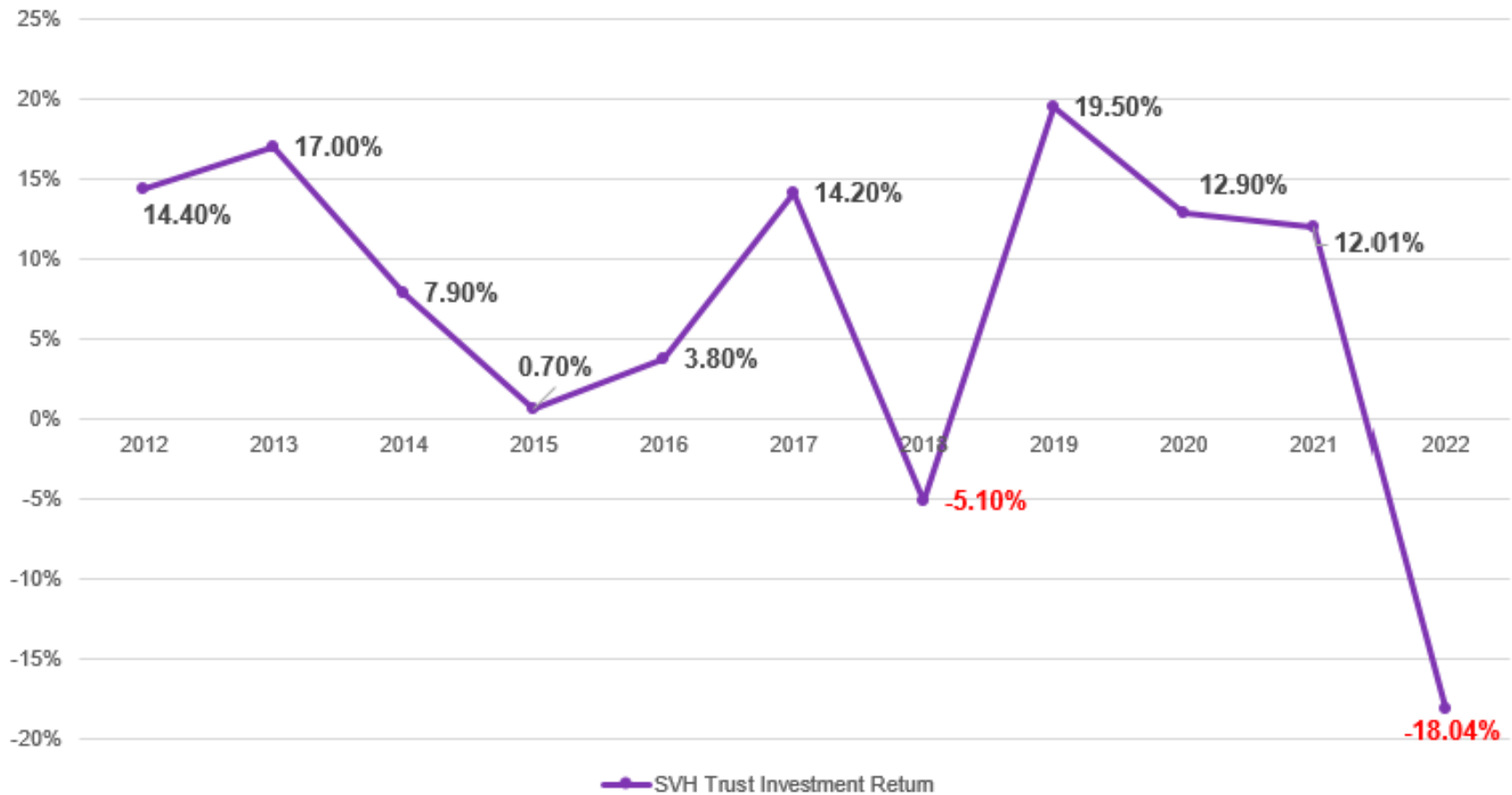
¹ FY 2023 cost includes amortization of prior additional pension expense of \$13M over 3 years

² Includes items such as demographic changes, employee contributions, benefit payments and expenses

³ Investment performance better than expected by \$21.5M in FY 2022 and worse than expected by \$114.8M in FY 2023

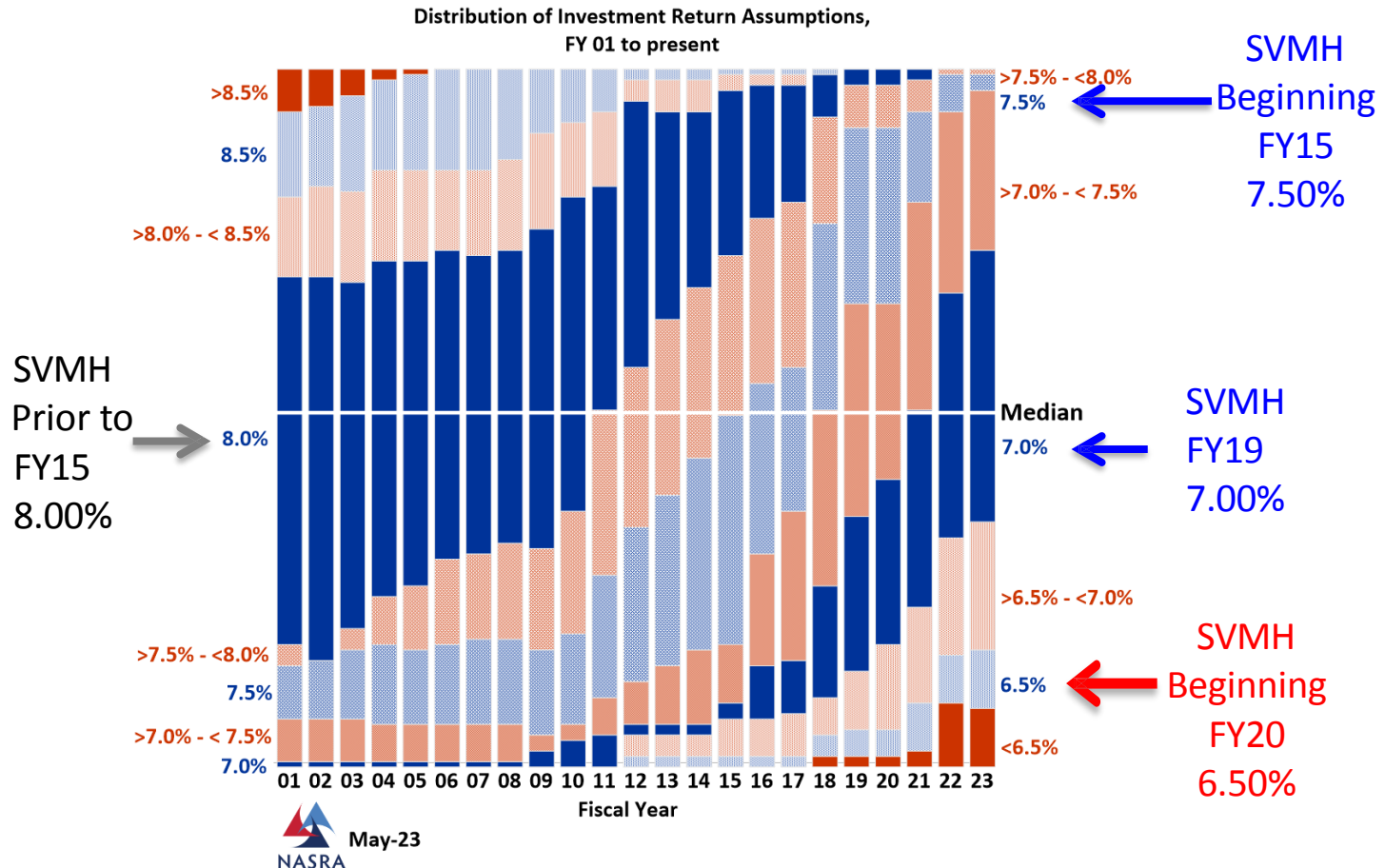
⁴ Update Mortality Rate in FY 2022

Historical Asset Rate of Return



10-year average rate of return for the Plan's assets is 7.21%

Change in Distribution of Public Pension Investment Return Assumptions, FY 01 to FY 23



- National Association of State Retirement Administrators (NASRA) survey includes 85% of the State and Local government pension systems with \$5.85 trillion in assets
- This chart illustrates the steady reduction in assumed rates of return, particularly since 2009, and the continuation of lower return assumptions beyond FY 16 and through FY 23

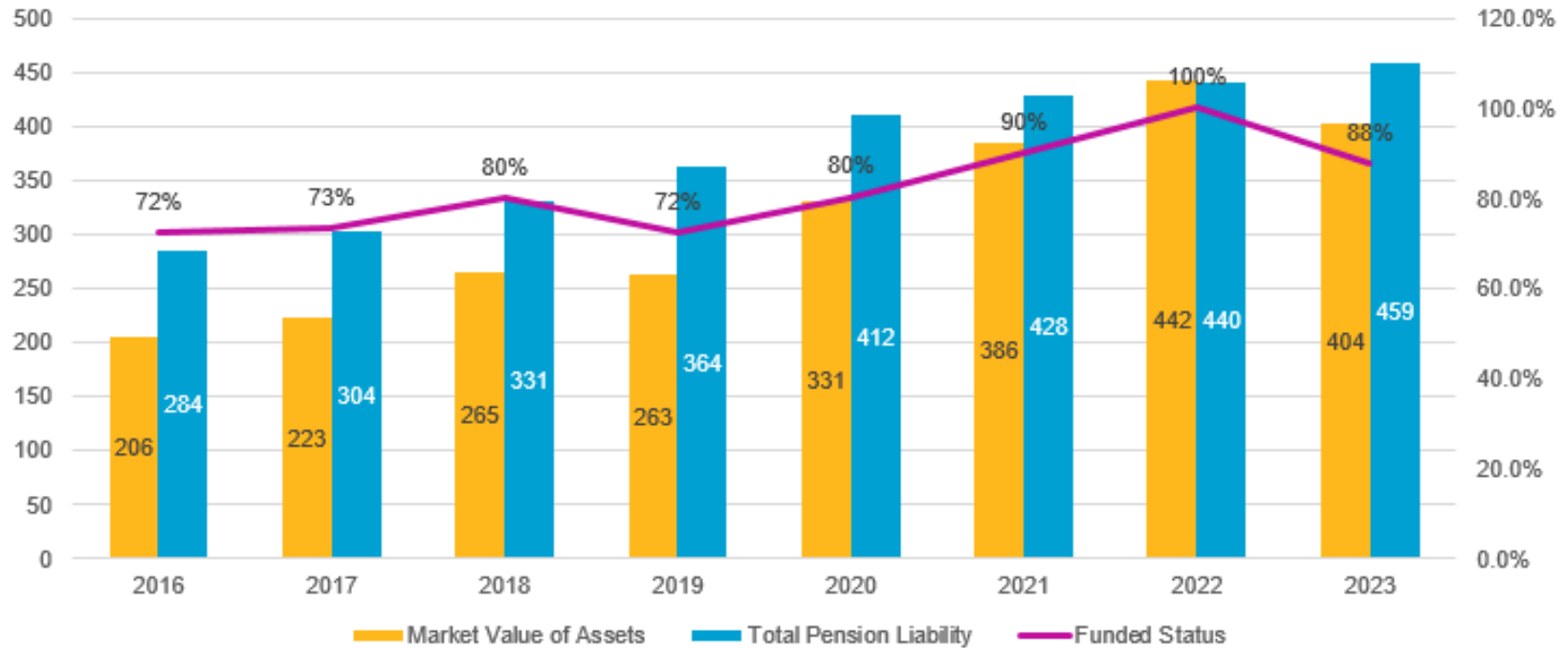
Section 2

Impact of Extra Contributions

SVMH Extra Contributions in Addition to the Actuarial Determined Contribution

Plan Year	Extra Contributions
Prior to 2014	None
2014	\$5M
2015	\$5M
2016	\$7M
2017	\$10M
2018	\$10M
2019	\$15M
2020	\$5M
2021	\$10M
2022	\$45M
Total	\$112M

Historical GASB68 Funded Status



Discount Rate	7.5%	7.5%	7.5%	7.0%	6.5%	6.5%	6.5%	6.5%
Overfunded/ (Unfunded) Liability	(\$79)	(\$81)	(\$66)	(\$101)	(\$81)	(\$42)	\$2	(\$55)

Section 3

Beyond 2023 Funded Status Projections

Key Scenario Assumptions

- Stable population assumptions
 - New entrants are all PEPRA participants and resemble PY new entrants
- 2023 census data
- PubG-2010 mortality table and MP-2021 mortality improvement scale
- 6.50% discount rate
- 6.50% asset return
- Long-term salary scale (based on 2019 study)
- Multi-age retirement rates (based on 2019 study)

Schedule of Minimum Contributions Assuming 6.50% Asset Returns in 2023 and Thereafter

(in millions)	Funding Policy Contributions (6.50%)						
Plan Year	2023	2024	2025	2026	2027	2028	2029
Funded Status Percentage	114.5%	112.0%	108.3%	103.9%	99.0%	99.2%	99.3%
Actuarially Determined Contribution¹	\$12.5	\$12.2	\$12.1	\$12.0	\$12.4	\$12.2	\$11.9
Additional Ad Hoc Contribution	\$0.0	TBD	TBD	TBD	TBD	TBD	TBD
Total Funding Contribution	\$12.5	\$12.2	\$12.1	\$12.0	\$12.4	\$12.2	\$11.9

¹ The Actuarially Determined Contribution (ADC) is based on 6.5% discount rate, Unit Credit Method for CLASSIC, and EAN Method for PEPRA for plan year beginning January 1, 2023 (excludes PEPRA Employee Contributions)

Section 4

Sensitivity of Pension Liability on Discount Rates

Sensitivity of GASB 68 Pension Liabilities on Discount Rate as of December 31, 2022

Discount Rate	Total Pension Liability	Overfunded / (Unfunded) Total Pension Liability	GASB Funded %
6.00%	\$487.6M	(\$83.9M)	82.8%
6.50%	\$458.7M	(\$55.0M)	88.0%

- The above represents the changes in the discount rate from 6.50% to 6.00%
- Based on market value of asset of \$403.7M

Section 5

PEPRA Contribution Rate

PEPRA Contribution Rate Calculation Methodology

- PEPRA Employee Contribution Rate is 50% of the Normal Cost rounded to 25 bps
- Once established, the employee contribution rate shall not be adjusted on account of a change to the normal cost rate unless the normal cost rate increases or decreases by more than 1 percent of payroll above or below the normal cost rate in effect

PEPRA Normal Cost as a Percent of Payroll

	January 1, 2022	January 1, 2023
(a) Normal Cost	\$4,059,670	\$4,211,570
(b) Covered Payroll	\$55,693,511	\$64,040,554
(c) Normal Cost Rate	7.29%	6.58%
(d) 1 Percent In/Decrease?	Yes	No
(e) 50% of NC Rate	3.64%	3.29%
(f) Rounded to ¼ of 1%	3.75%	3.75%

- 1/1/23 Valuation contribution rate for PEPRA participants effective January 1, 2024
- PEPRA contributions first began in 2016 with a 4.25% contribution rate

History of PEPRAs Contributions

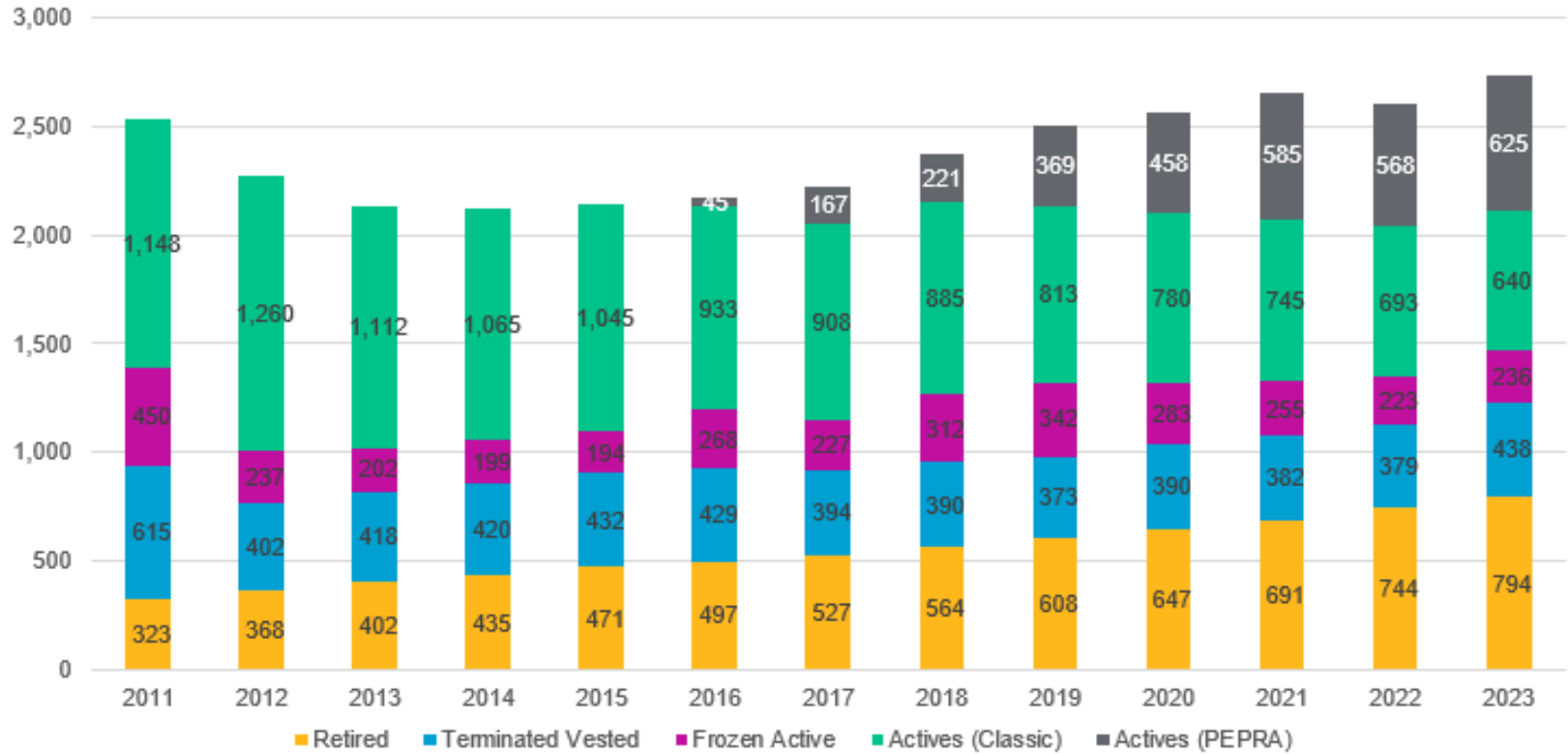
Plan Year	Contribution Percentage	Contribution Amount (\$M)
2017	4.25%	\$0.5
2018	4.25%	\$1.2
2019	4.25%	\$1.6
2020	4.25%	\$1.7
2021	5.25%	\$2.7
2022	4.50%	\$2.5
2023	3.75%	\$2.4
2024	3.75%	\$2.7 ¹
Total		\$15.3

¹ Estimate assuming PEPRAs covered payroll of \$64.0M in 2023 and \$72.3M in 2024

Section 6

Participant Statistics and Certification

PEPRA Plan Membership Growth



Total Actives:	1,148	1,260	1,112	1,065	1,045	978	1,075	1,106	1,182	1,238	1,330	1,261	1,265
% PEPRA:	0%	0%	0%	0%	0%	5%	16%	20%	31%	37%	44%	45%	49%
Annual Payment to Retirees:	N/A	N/A	N/A	\$7M	\$8M	\$9M	\$10M	\$11M	\$12M	\$14M	\$16M	\$20M	TBD

Beginning 2016 reduced eligibility for participation from 3 to 0 years.
 Frozen active participants increase in some years due to transfers and rehires.

Actuarial Cost Methods

- **Present Value of Future Benefits (PVFB)**
 - The amount of liabilities earned to date and for future service for all *current* plan participants.
 - It is the same for all actuarial cost methods.
- **Actuarial Accrued Liability (AAL)**
 - The liability earned to date due to past service.
- **Normal Cost (NC)**
 - The portion of future service liability earned the coming year. Usually presented with interest to end of the year.
- An **Actuarial Cost Method** splits the PVFB between past and future liability. It defines what the actuarial accrued liability and normal cost is to be.
- **SVMH** uses different actuarial cost methods for funding and accounting. However, the PVFB is the same for both SVMH's funding and accounting because the *actuarial assumptions* are the same for both.

Certification

The preliminary results provided in this presentation have been prepared solely for the benefit of Salinas Valley Memorial Healthcare District and are based on the data, assumptions, methods, models, and plan provisions outlined in the actuarial valuation reports to determine accounting requirements (and funding for qualified) for the plans for the plan year beginning January 1, 2023 to be delivered in the next few weeks. Therefore, such information, and the reliance and limitations of the valuation reports and their use, should be considered part of this presentation. This presentation should not be used for other purposes and we accept no responsibility for any such use. It should not be relied upon by any other person without WTW's prior written consent. More detailed valuations results, summaries of actuarial methods and assumptions, summaries of plan provisions, and descriptions of data sources used in developing these results are included in the valuation report.

The results shown in this presentation have been developed based on actuarial assumptions that, to the extent evaluated or selected by WTW, we consider to be reasonable. Other actuarial assumptions could also be considered to be reasonable. Thus, reasonable results differing from those presented in this presentation could have been developed by selecting different reasonable assumptions. |

The undersigned consulting actuaries are members of the Society of Actuaries and meet the "Qualification Standards for Actuaries Issuing Statements of Actuarial Opinion in the United States" relating to pension plans. Our objectivity is not impaired by any relationship between Salinas Valley Memorial Healthcare District and our employer, WTW.

Eric Grant, FSA, EA
Senior Director, Retirement

Si Man Lei ASA, EA
Director, Retirement

Memorandum

Date: July 25, 2023

To: Personnel, Pension & Investment Committee

From: Augustine Lopez, CFO / Scott Cleveland, Controller

Re: **Calendar Year 2023 - Defined Benefit Pension Plan Funding**

The Hospital's consulting actuaries, Willis Towers Watson, have calculated the required minimum contribution to the Salinas Valley Memorial Healthcare District Employees' Pension Plan to be \$12,461,946 for Calendar Year 2023 per the January 1, 2023 Actuarial Valuation Report. Management requests the Personnel, Pension & Investment Committee's consideration to **recommend Board approval to fund the required minimum contribution \$12,461,946 to the Salinas Valley Memorial Healthcare District Employees' Pension Plan for Calendar Year 2023.**

It should be noted that, due to the timing of updating the annual actuarial valuation, management will use this total amount of \$12,461,946 to estimate monthly funding amounts beginning in calendar year 2024 until we receive the 2024 Actuarial Valuation Report estimated to be available in July of 2024.

Thank you for your consideration.

PUBLIC INPUT

ADJOURNMENT