



March 16, 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, MARCH 21, 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/virtualboardmeeting for Access Information*).

A handwritten signature in black ink, appearing to read "Pete Delgado".

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 INVESTMENT COMMITTEE
MARCH 2023 - COMMITTEE OF THE WHOLE
SALINAS VALLEY HEALTH¹**

**TUESDAY, MARCH 21, 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 SalinasValleyHealth.com/virtualboardmeeting for Access Information)

AGENDA

1. Call to Order / Roll Call
2. Closed Session
3. Reconvene Open Session
4. Approve Minutes of the Personnel, Pension and Investment Committee Meeting of February 21, 2023 (DELGADO)
 - Motion/Second
 - Action by Committee/Roll Call Vote
5. Human Resources (HR) and Employee Health Services (EHS) Metrics (CHILDS-ANDERSEN-PERALTA CUELLAR)
6. Employer Contributions to the Defined Contribution Plan (CHILDS)
7. Consider Plan Administrator Approval of Resolution: Confirmation of Self-Correction of Insignificant Operational Failures Under the Employee Plans Compliance Resolution System (CHILDS)
 - Staff Report
 - Committee Questions to Staff
 - Public Comment
 - Committee Discussion/Deliberation
 - Motion/Second
 - Action by Committee/Roll Call Vote
8. Banking Relationships (LOPEZ)
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.

¹ Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

10. Adjournment

The next Personnel, Pension and Investment Committee Meeting is scheduled for **Tuesday, April 18, 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 831-755-0741. Notification received 48 hours before the meeting will enable the District to make reasonable accommodations.

**PERSONNEL, PENSION AND INVESTMENT COMMITTEE
COMMITTEE OF THE WHOLE**

AGENDA FOR CLOSED SESSION

Pursuant to California Government Code Section 54954.2 and 54954.5, the board agenda may describe closed session agenda items as provided below. No legislative body or elected official shall be in violation of Section 54954.2 or 54956 if the closed session items are described in substantial compliance with Section 54954.5 of the Government Code.

CLOSED SESSION AGENDA ITEMS

CONFERENCE WITH LABOR NEGOTIATOR

(Government Code §54957.6)

Agency designated representative: (Specify name of designated representatives attending the closed session):
Pete Delgado

Employee organization: (Specify name of organization representing employee or employees in question):
National Union of Healthcare Workers, California Nurses Association, Local 39, ESC Local 20,
or

Unrepresented employee: (Specify position title of unrepresented employee who is the subject of the negotiations): _____

CONFERENCE WITH LEGAL COUNSEL-EXISTING LITIGATION

(Government Code §54956.9(d)(1))

Name of case: (Specify by reference to claimant's name, names of parties, case or claim numbers):
Araujo et al vs. Salinas Valley Memorial Healthcare System, or

Case name unspecified: (Specify whether disclosure would jeopardize service of process or existing settlement negotiations): _____

ADJOURN TO OPEN SESSION Salinas Valley Memorial Healthcare System operating as Salinas Valley Health

CALL TO ORDER
ROLL CALL

(Chair to call the meeting to order)

CLOSED SESSION

*(Report on Item to be
Discussed in Closed Session)*

*RECONVENE OPEN SESSION/
REPORT ON CLOSED SESSION*

**SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM
PERSONNEL, PENSION AND INVESTMENT COMMITTEE
COMMITTEE OF THE WHOLE
MEETING MINUTES
FEBRUARY 21, 2023**

Pursuant to SVMHS Board Resolution No. 2023-01, Assembly Bill 361, and guidance from the Monterey County Health Department in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.

The Personnel, Pension and Investment Committee convened at 12:03 p.m. in the Downing Resources Conference Center, Rooms A, B, & C.

Committee Members Present:

Glenn Berry, MD, Vice-Chair Catherine Carson, Michelle Childs, Pete Delgado, and Augustine Lopez.
Present via Teleconference: Tony Redmond

Other Board Members Present, Constituting Committee of the Whole:

Rolando Cabrera, MD

Committee Members Absent: Chair Juan Cabrera

Dr. Cabrera left the meeting at 12:55 p.m.

Dr. Berry left the meeting at 1:09 p.m.

CALL TO ORDER/ROLL CALL

A quorum was present and Vice-Chair Carson called the meeting to order at 12:03 p.m.

APPROVAL OF MINUTES FROM THE PERSONNEL, PENSION AND INVESTMENT COMMITTEE MEETING OF DECEMBER 13, 2022

Approve the minutes of the Personnel, Pension and Investment Committee meeting of the December 13, 2022 meeting. This information was included in the Committee packet.

No public input received.

MOTION:

Upon motion by Committee member Delgado and second by Committee member Childs the minutes of the December 13, 2022 Personnel, Pension and Investment Committee were approved, as presented.

Ayes: Committee members: Berry, MD, Carson, Childs, Delgado, Lopez, Redmond; Noes: None.

Absent: Committee Chair: Cabrera; Abstentions: None. Motion Carried.

REVIEW INVESTMENT PERFORMANCE FOR QUARTER ENDING DECEMBER 2022 OF SVMHS'S 403(B) PLAN, 457 PLAN AND EMPLOYEE PENSION PLAN

Mr. Kjar provided the following key highlights: A full report was included in the packet.

Economic and Market Update Q4 2022: Economic growth, employment market/unemployment rates, inflation rates, interest rates, stock market and bond market performance were reviewed. . A full report was included in the packet.

403(b) Retirement Plan - Asset Allocation as of 12/31/2022

- | | |
|--|--------------------------|
| a. Stable Value / Money Market (7.31%) | d. US Equity (31.33%) |
| b. Fixed Income (6.58%) | e. Non-US Equity (8.37%) |
| c. Target Date / Asset Allocation (46.41%) | |

457 Deferred Compensation Plan - Asset Allocation as of 12/31/2022

- | | |
|--|--------------------------|
| a. Stable Value / Money Market (8.75%) | d. US Equity (38.97%) |
| b. Fixed Income (7.45%) | e. Non-US Equity (7.62%) |
| c. Target Date / Asset Allocation (37.21%) | |

Employee Pension Plan Defined Benefit Plan Investment Performance as of 12/31/2022

- | | |
|---------------------------|--|
| a. One Year Performance | c. Five Year Performance |
| ➤ Actual: -20.51% | ➤ Actual 2.64% |
| ➤ Benchmark: -15.53% | ➤ Benchmark 3.73% |
| b. Three Year Performance | d. Inception Performance from February 17, 2016 to December 31, 2022 |
| ➤ Actual 0.11% | ➤ Actual 5.79% |
| ➤ Benchmark 1.98% | |

2022 Quarterly Asset Value and Investment Performance as of December 31, 2022

The Committee reviewed the Plan Assets levels. Plan assets in the 403(b) Plan through 12/31/2022 are \$103,235,122. Plan assets in the 457 deferred compensation Plan through 12/31 /2022 are \$17,090,518. The diversified fund lineup for the 403(b) and 457(b) Plans were reviewed. Investment line-ups, diversification, and funds meeting metrics/objectives were reviewed.

The Committee reviewed the investment performance of the Defined Benefit Pension plan as of 12/31/2022. Plan assets in the Pension plan through 12/31/2022 are \$403,719,516. Current asset allocation is 70% equities & 30% fixed income. There has been a 6% growth in January. The funds on Watch List were reviewed; criteria, contributing factors (duration, bond market) and strategies for funds on the Watch List were discussed.

Discussion: Investment performance actual vs. benchmark is underperforming and doesn't appear to be reacting to the changing economy. Lockton has been managing these funds since 2016. Mr. Kjar explained plan history, equity vs. fixed income allocation, and 2023 performance. Additional clarification and investment policy was requested. Augustine Lopez, CFO, asked Mr. Kjar to develop an in-depth presentation to inform the committee on Lockton investment policy, benchmarking, allocations, recovery processes, and addressing unrealized losses.

REVIEW CURRENT AND FUTURE ECONOMY AND INVESTMENT MARKET

Augustine Lopez introduced Steve Caruthers and Pamela Gillett of Capital Group who presented *2023 Outlook, A New Reality of Investing*. A full report was included in the packet.

Highlights: Most of the world's economies are in or near recession. Stocks are typically an indicator and recover before recessions end. Example recession cycles (deep/mild) were presented. Healthcare may lead the next bull market. Rising capital spending. Energy demand outlook and future focus on decarbonization energy sources. Supply chain shifts and automation. China's economy (2nd largest in the world) and its effect globally.

Discussion: Is there a prediction on stabilization? Ms. Caruthers predicts volatility will continue at this time. Short term gain is not a valid indicator. Is Mr. Caruthers aware of FDA therapies in the pipeline that will treat serious illness such as leukemia in children, but at huge prices? Mr. Caruthers was not able to predict any effect this might have on the healthcare industry.

HUMAN RESOURCES (HR) METRICS

Tabled until March Personnel, Pension and Investment Committee meeting.

PUBLIC INPUT

No public input received.

ADJOURNMENT

There being no other business, the meeting was adjourned at 1:15 p.m. The next Personnel, Pension and Investment Committee Meeting is scheduled for **Tuesday, March 21, 2023, at 12:00 p.m.**

ATTEST:

Catherine Carson, Vice-Chair
Personnel, Pension and Investment Committee

/KmH

SVMHS | HR Metrics FY23 Update

(through Q2)

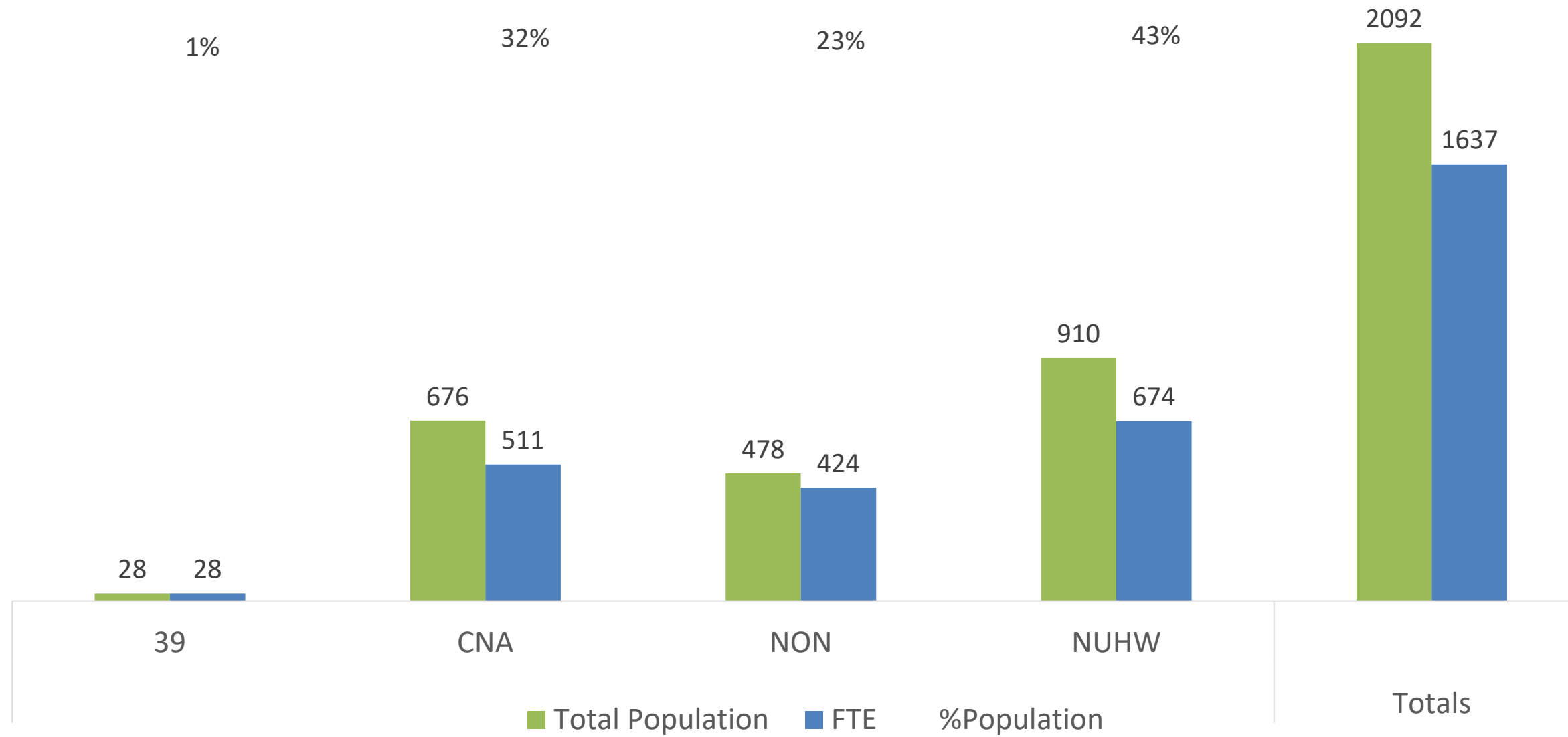
**Robert Andersen
Manager, Human Resources
March 21, 2023**

Agenda

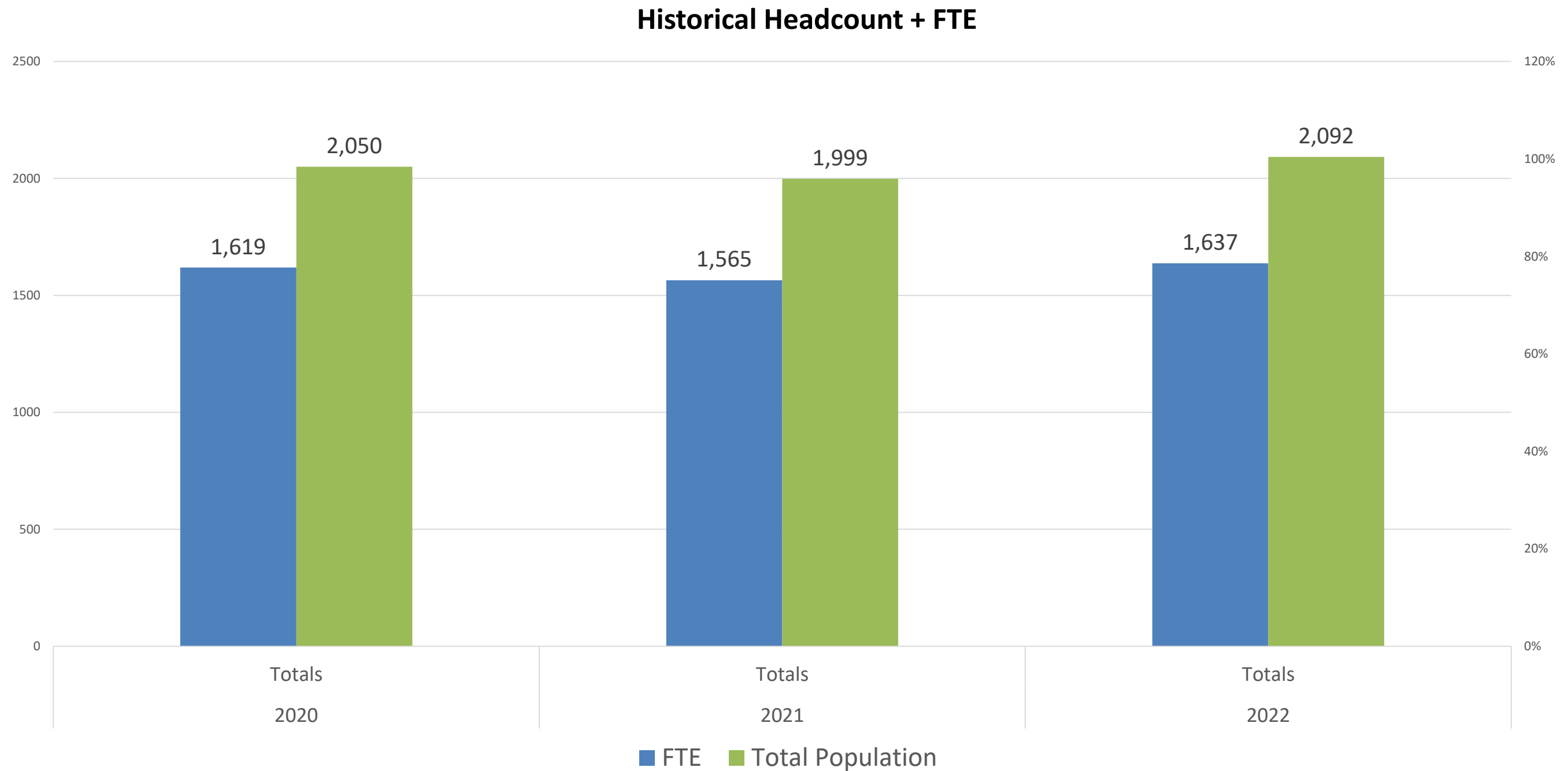
Reporting on:
Headcount
Travelers
Turnover (Overall)
Turnover (First Year)
Leaves

FY23 Q2 | Headcount + FTE

Headcount by Affiliation
as of 12/31/22

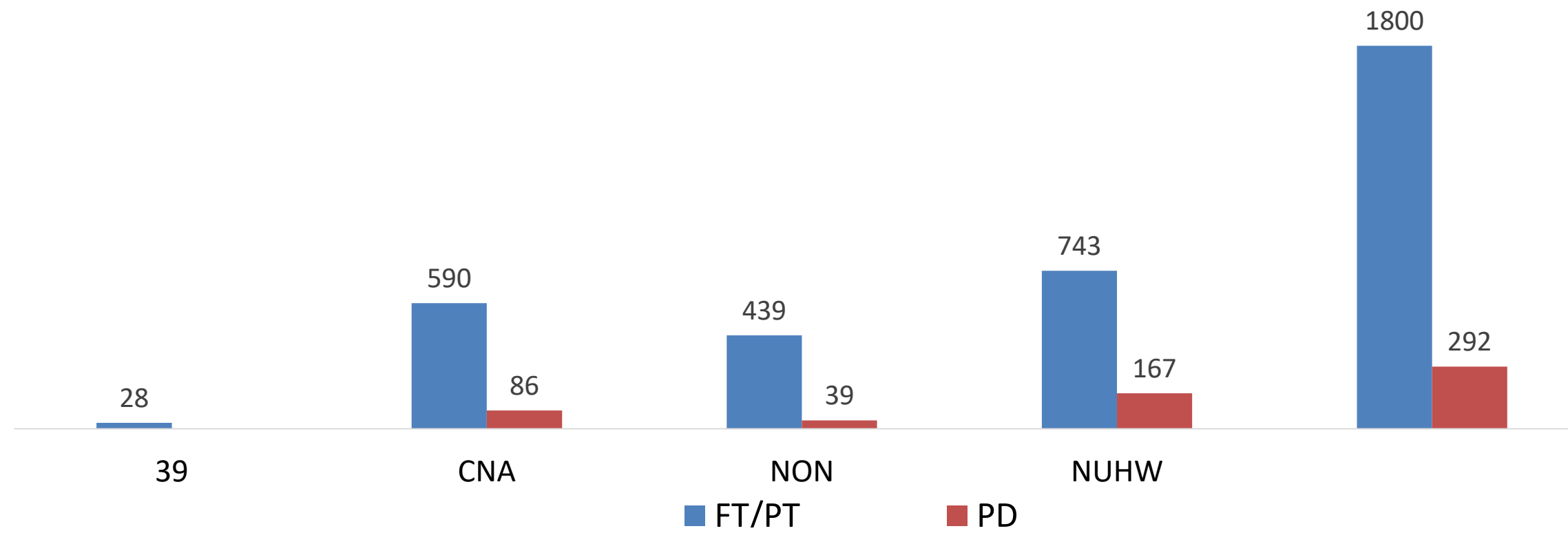


FY23 Q2 | Headcount + FTE Trend



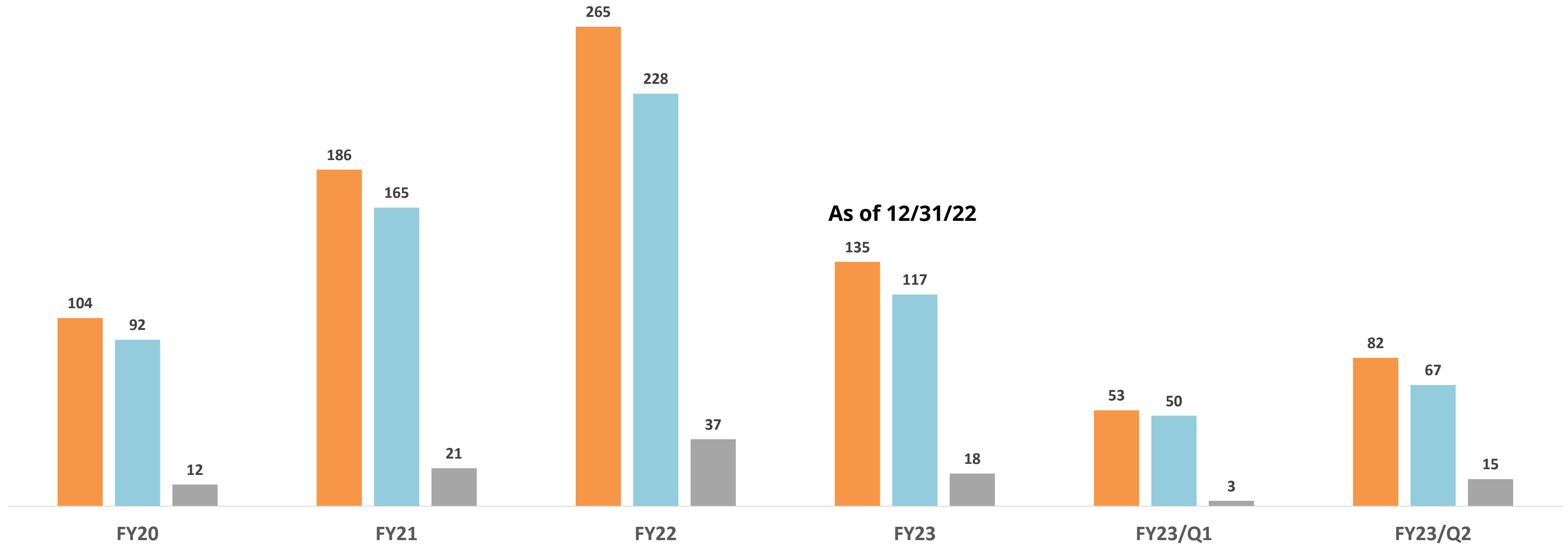
FY23/Q2 | Headcount + Status Type

Headcount by Status
as of 12/31/22

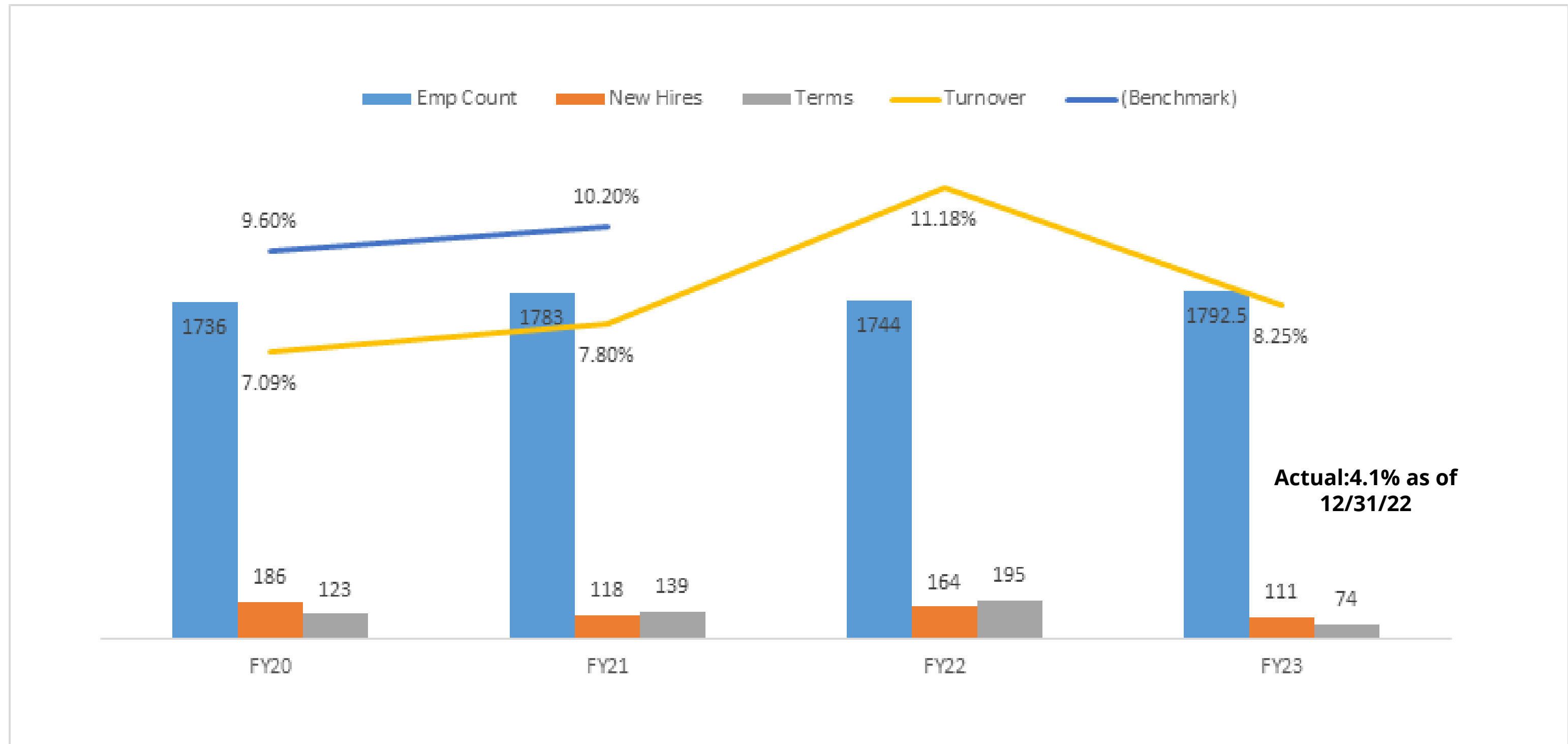


FY23 | Traveler Count

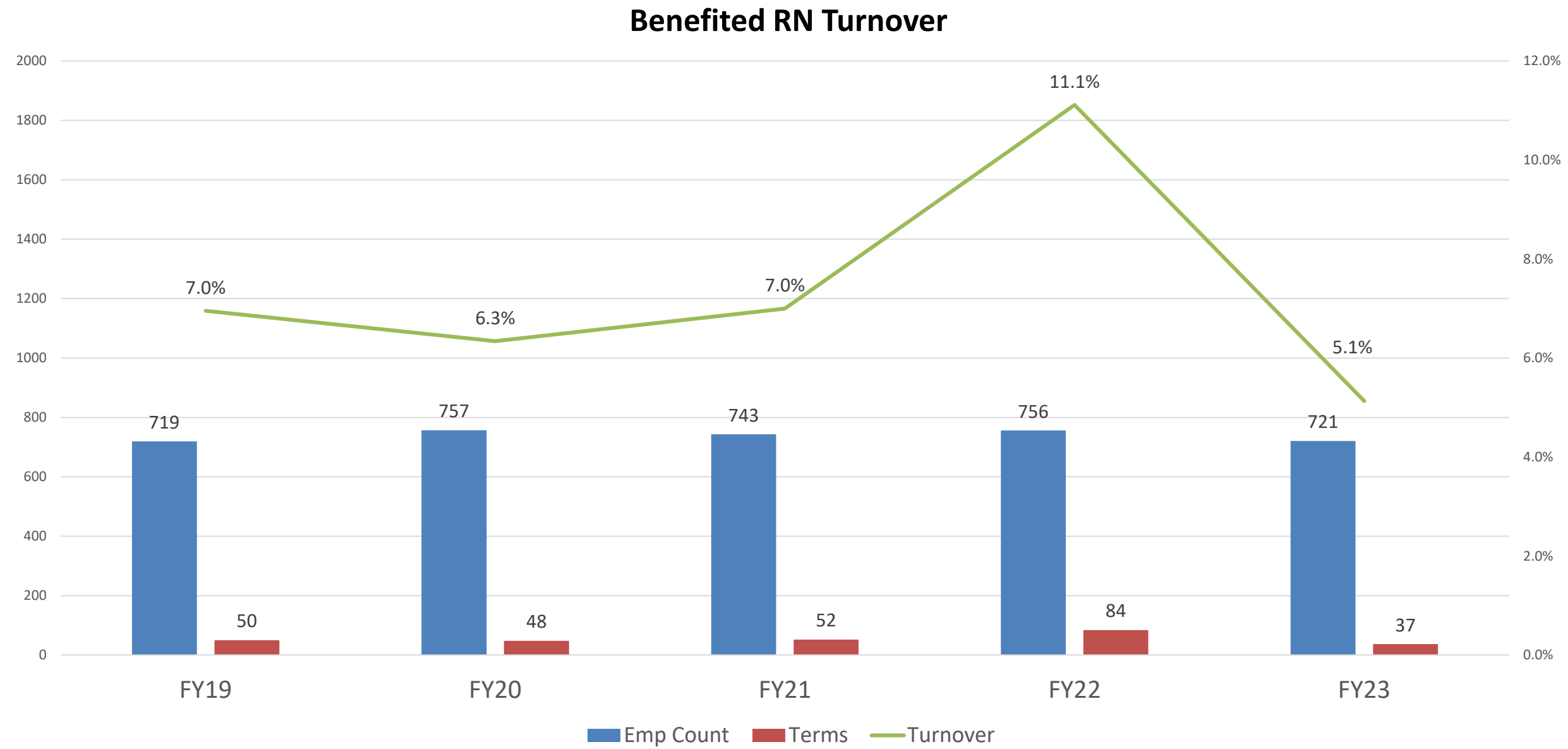
■ New Travelers ■ Clinical ■ Non-Clinical



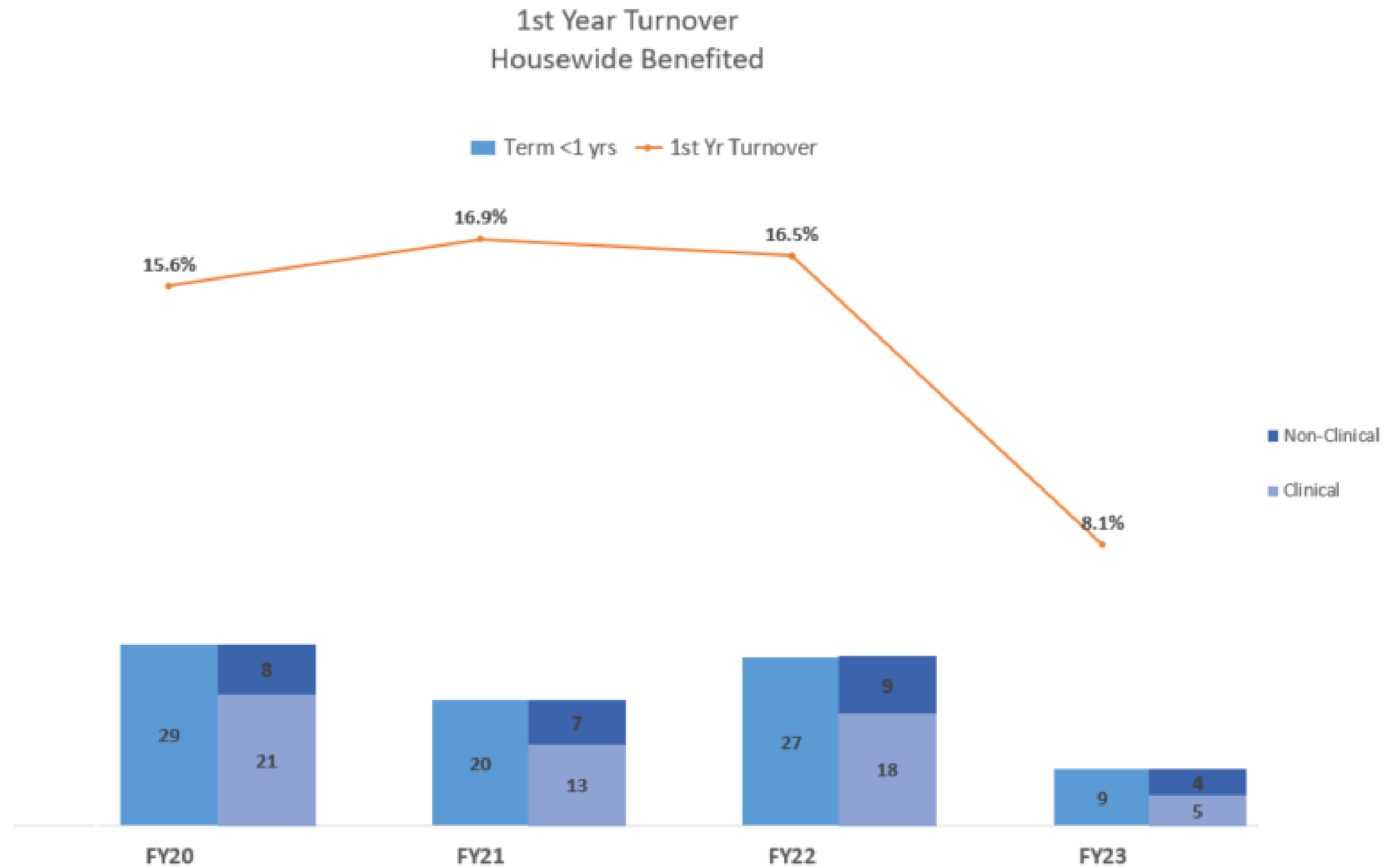
FY23/Q2 | Overall Turnover (Benefited)



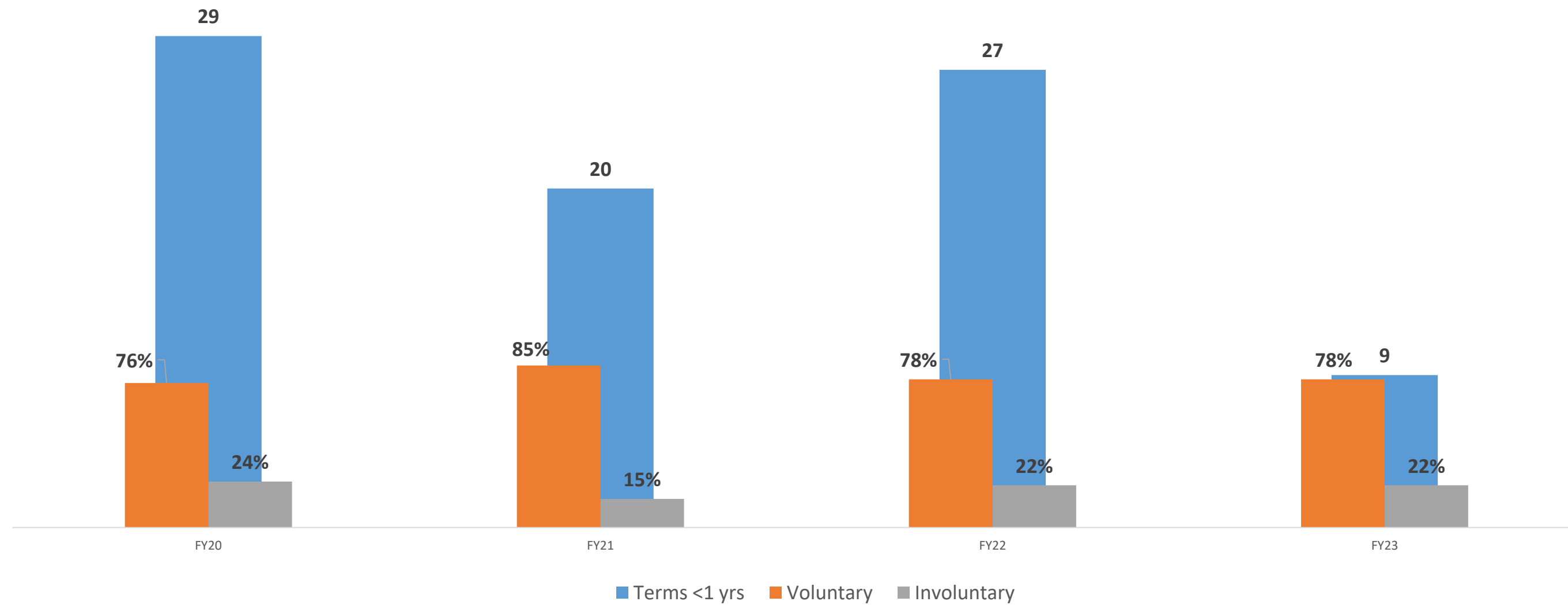
FY23/Q2 | RN Turnover (Benefited)



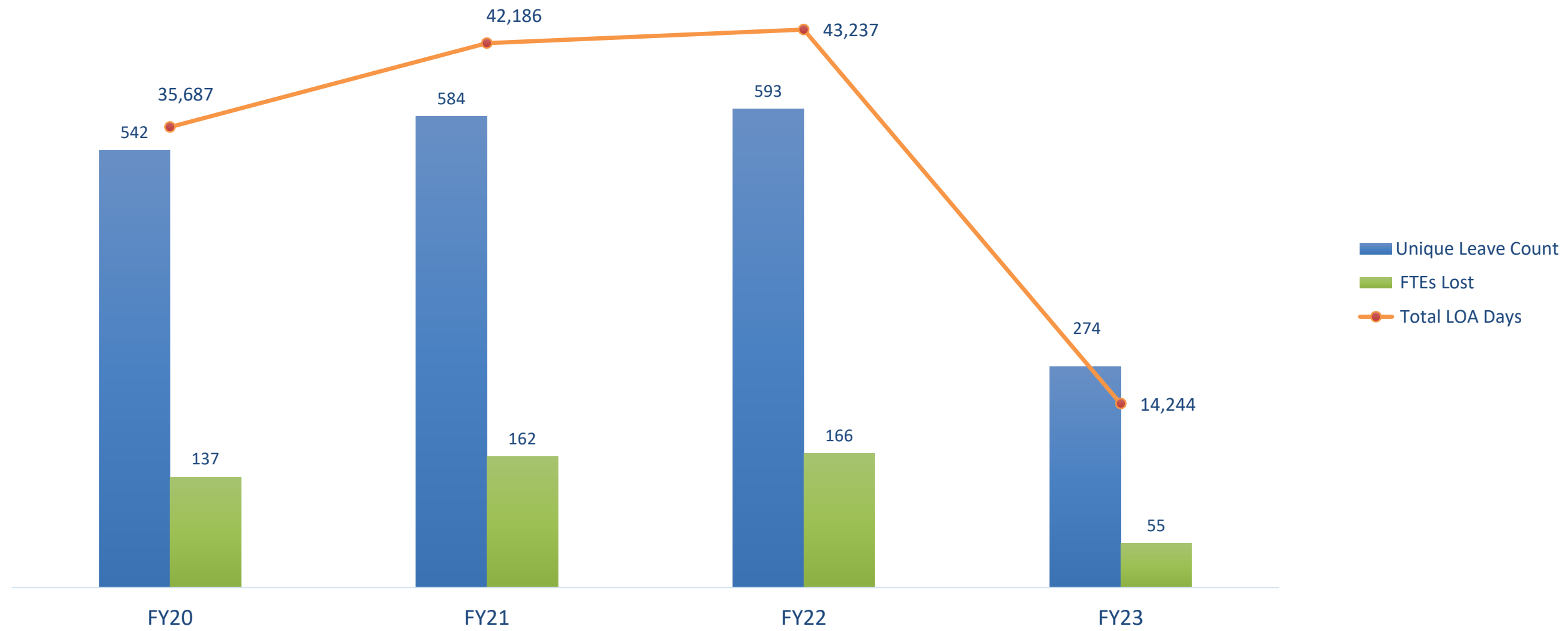
FY23 | First Year Turnover – EE Type (Benefited)



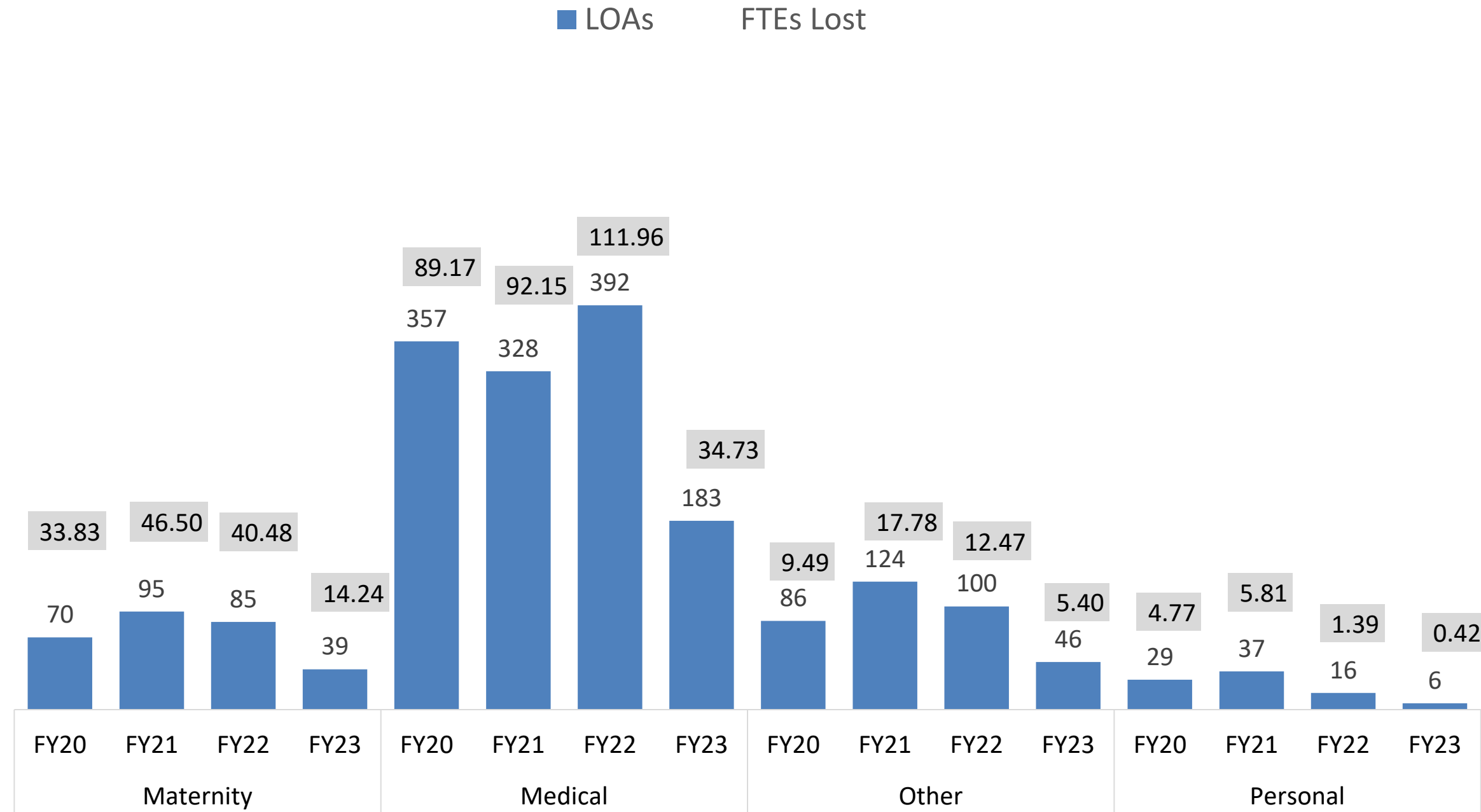
FY23 | First Year Turnover – Term Reason (Benefited)



FY23 | Leaves - Unique + FTE Lost + Lost Days



FY23 | Leaves - Unique + FTE Lost by Type



Questions?

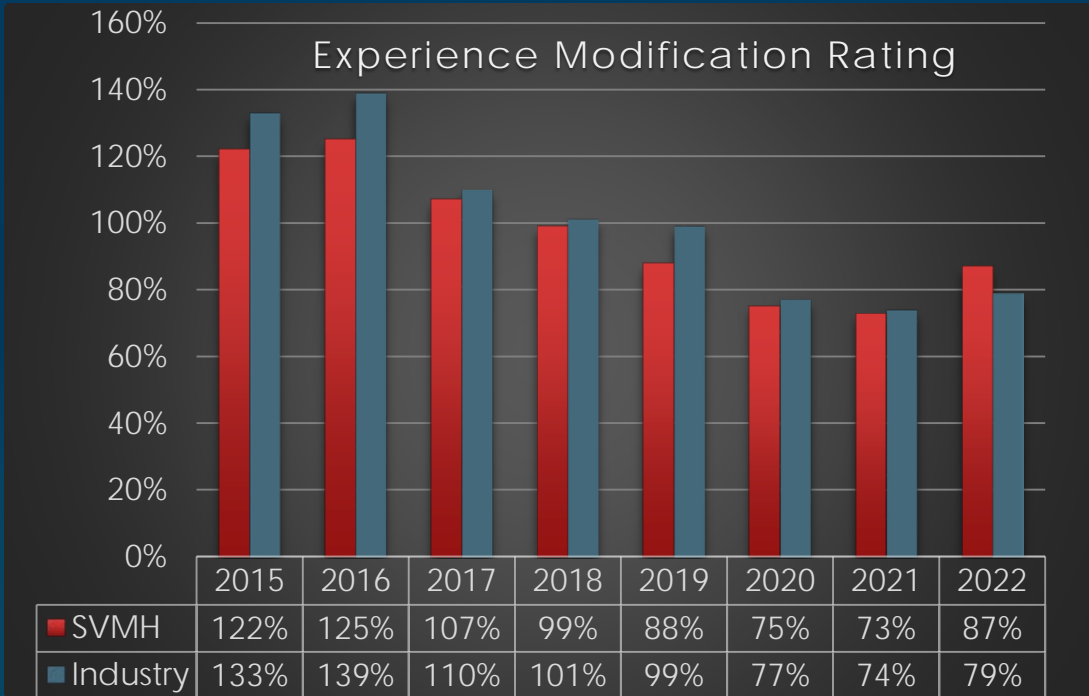
Workers' Compensation

Salinas Valley Health

Jill Peralta-Cuellar, BSN, RN, COEE
Employee Health Services Director
03.22.2023

WORKERS' COMPENSATION

Estimated Experience Modification Projections

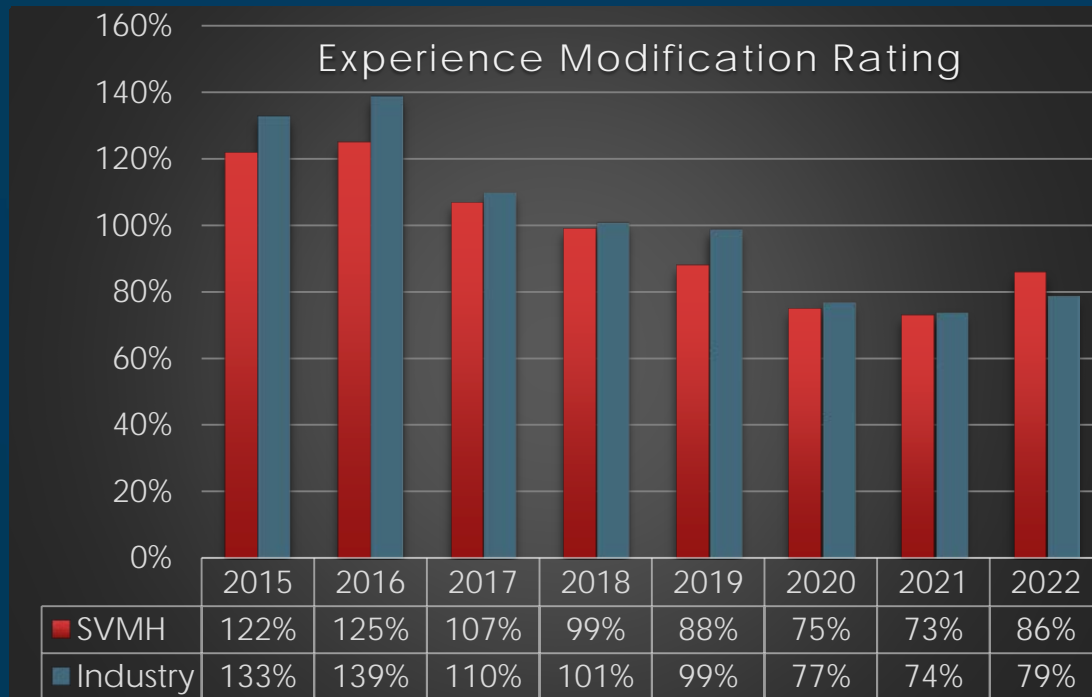


FY = Fiscal Year (July 1-June 30)

Experience Year	Fiscal Years	SVMH EMR	Total Losses	Industry Standard
2015	2011, 2012, 2013	122%	\$4,652,043	133%
2016	2012, 2013, 2014	125%	\$4,591,554	139%
2017	2013, 2014, 2015	107%	\$3,525,560	110%
2018	2014, 2015, 2016	99%	\$3,751,030	101%
2019	2015, 2016, 2017	88%	\$3,941,725	99%
2020	2016, 2017, 2018	75%	\$2,857,582	77%
2021	2017, 2018, 2019	73%	\$2,544,456	74%
2022	2018, 2019, 2020	87%	\$3,707,796	79%

WORKERS' COMPENSATION

Estimated Experience Modification Projections (Excluding COVID-19 Cases)



Experience Year	Fiscal Years	SVMH EMR	Total Losses	Industry Standard
2015	2011, 2012, 2013	122%	\$4,652,043	133%
2016	2012, 2013, 2014	125%	\$4,591,554	139%
2017	2013, 2014, 2015	107%	\$3,525,560	110%
2018	2014, 2015, 2016	99%	\$3,751,030	101%
2019	2015, 2016, 2017	88%	\$3,941,725	99%
2020	2016, 2017, 2018	75%	\$2,857,582	77%
2021	2017, 2018, 2019	73%	\$2,544,456	74%
2022	2018, 2019, 2020	86%	\$3,482,256	79%

FY = Fiscal Year (July 1-June 30)

Note: Covid-19 specific claims removed. Claims that were a direct affect of the pandemic increased workload were not removed.

Top 3 Reported Claims by Calendar Year (CY)

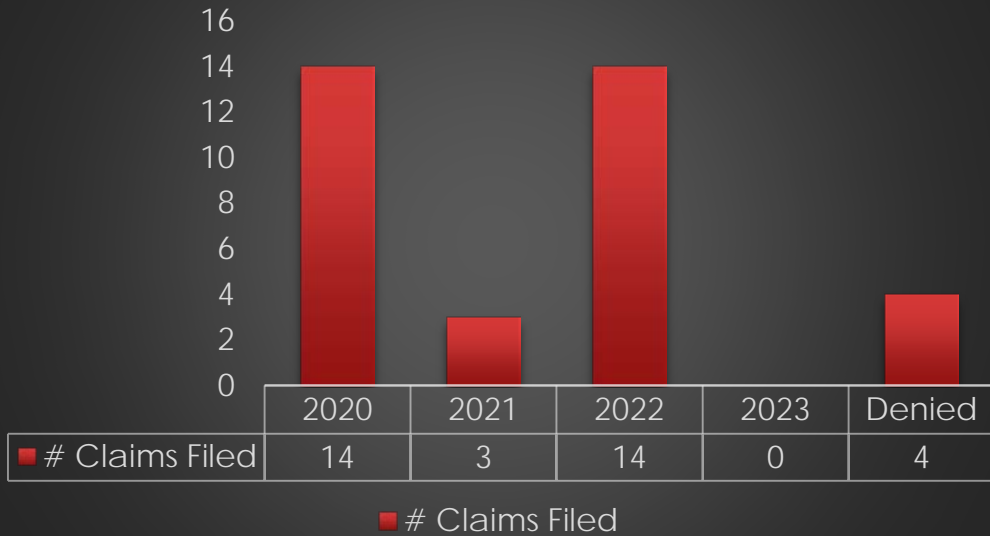
CY 2019	CY 2020	CY 2021	CY 2022
Transferring Patients	Strain Misc.	Transferring Patients	Slip/Trip/Fall
Slip/Trip/Fall	Exposure/Disease	Strain Misc.	Exposure/Disease
Strain Misc.	Slip/Trip/Fall	Slip/Trip/Fall	Cumulative Trauma Upper

Top 3 are the most costly each year per claim type

Top 3 Claim Types for Dollars paid
CY 2019 – 2022
Strain: Lift/Twist/Push/Pull
Cumulative Trauma
Slip/Trip/Fall

Employee Health Services | CSD

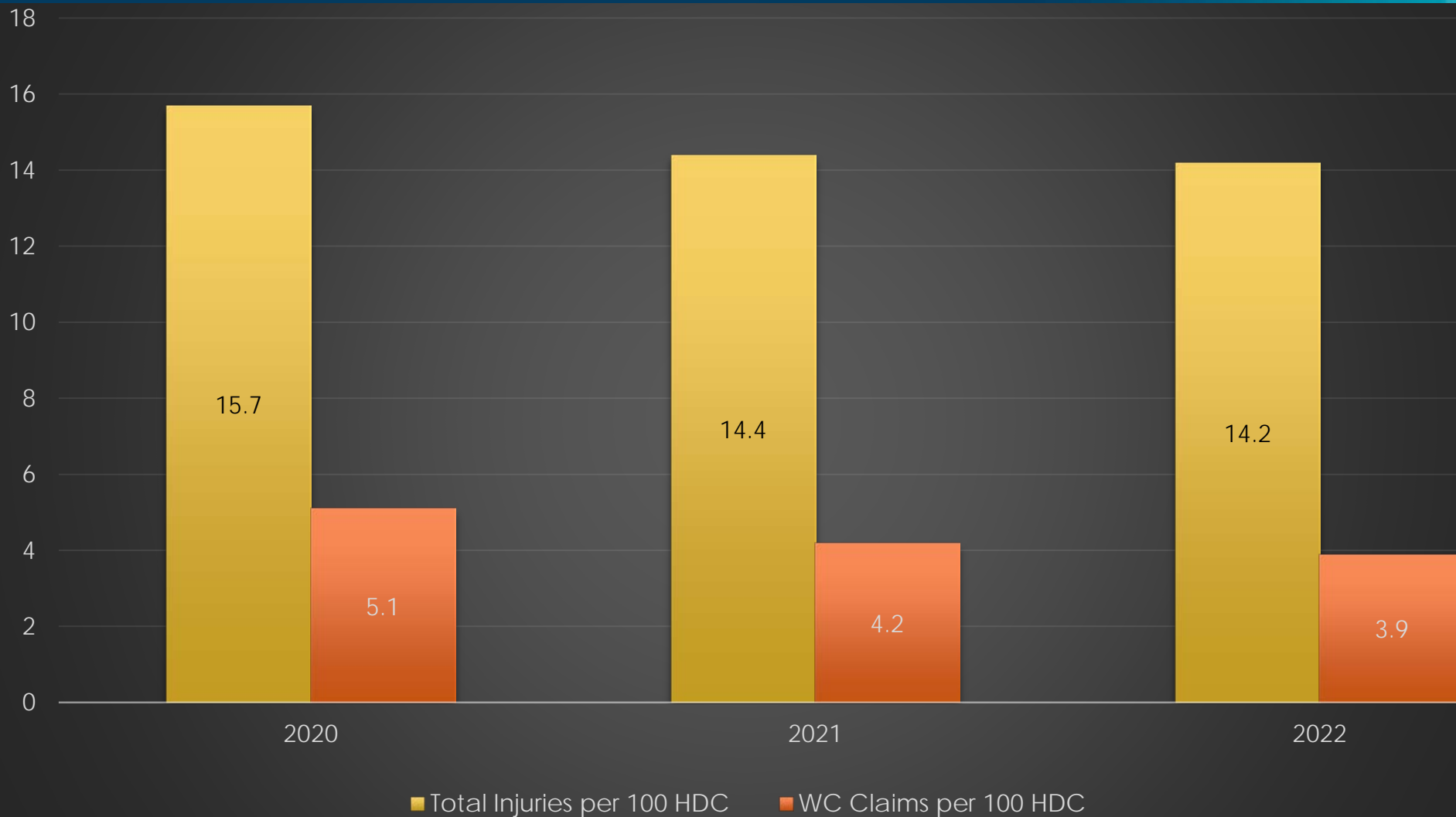
CLAIMS related to COVID by CY Year:



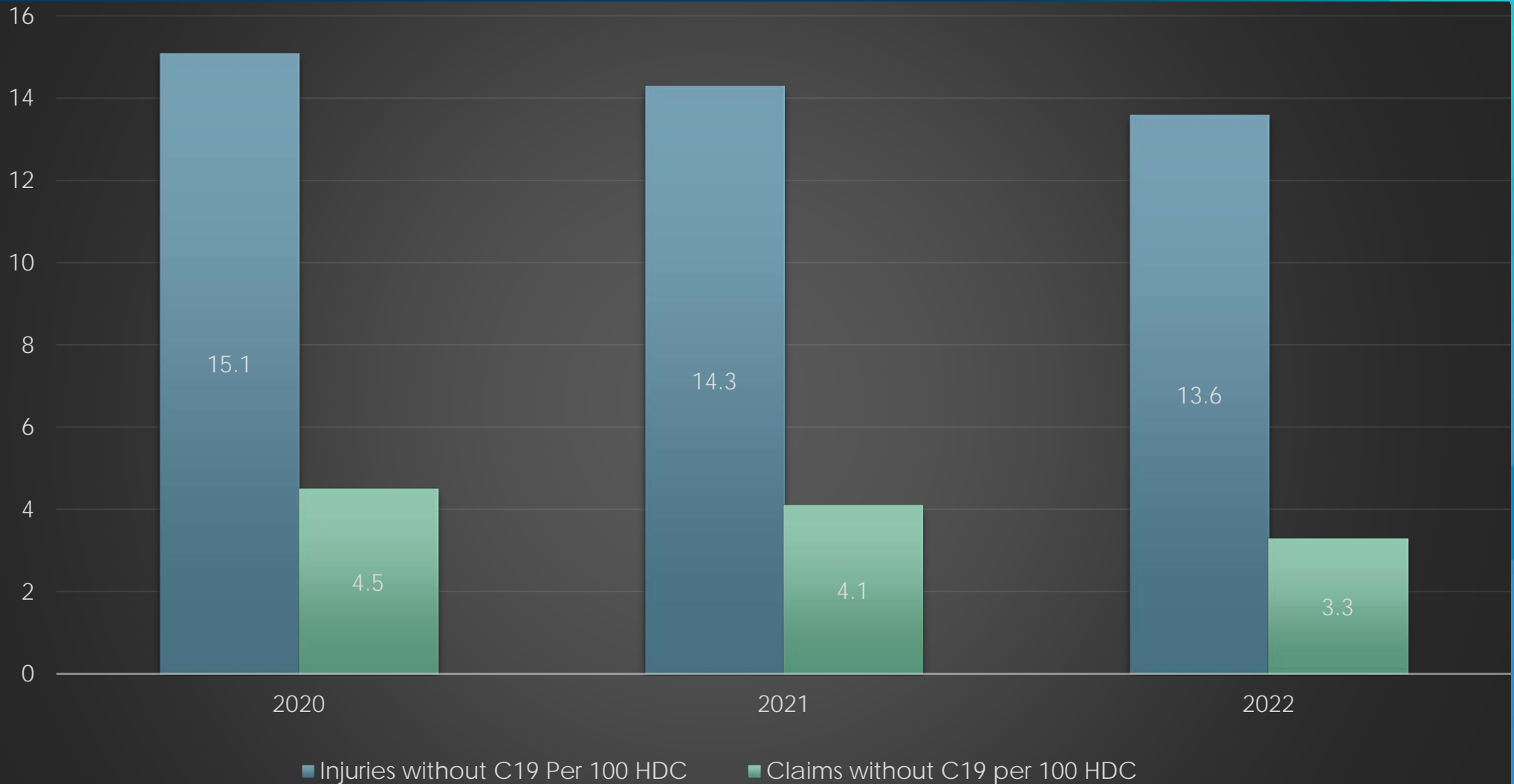
COVID-19 Claims totals by Calendar Year

CY = Calendar Year (January 1-December 31)

Workers' Compensation Injuries and Claims per 100 Headcount CY All Injuries



Workers' Compensation Injuries and Claims per 100 Headcount CY All Injuries without COVID-19



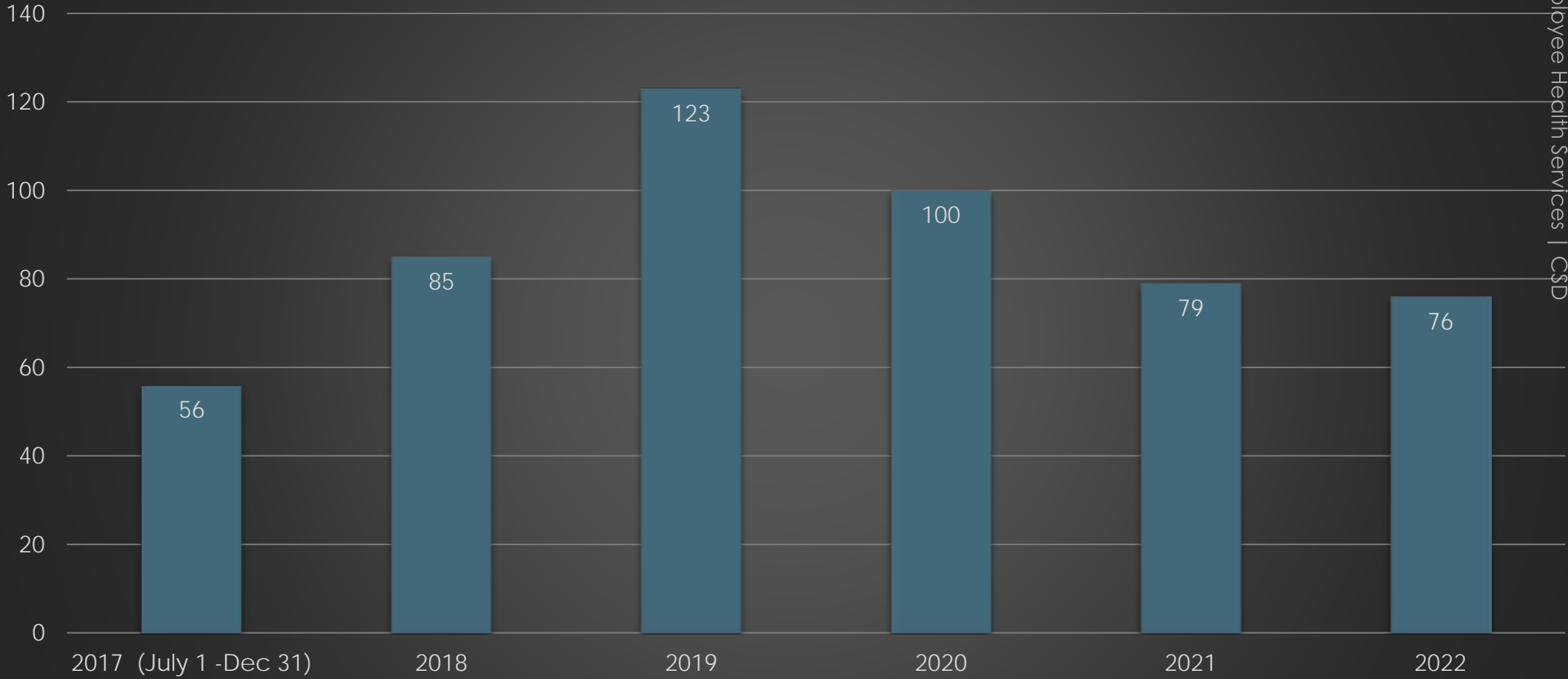
ACTIONS TAKING PLACE TO HELP REDUCE HAZARDS AND INJURIES

- Safe Patient Handling classes
- Ergonomic evaluations and follow up
- Blood borne pathogen education to help reduce exposures
- Incident investigations to address specific safety hazards
- Quarterly “safety” review by Safety and Employee Health



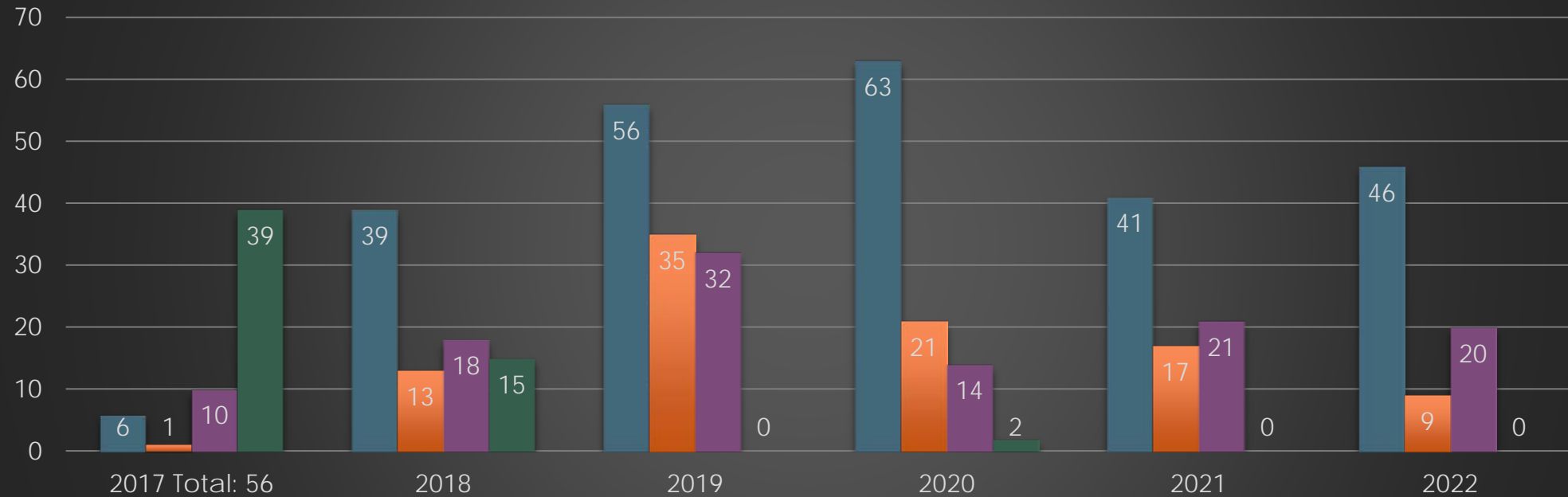
2022 Workplace Violence

HISTORICAL WORKPLACE VIOLENCE INCIDENTS: TOTAL INCIDENTS PER CALENDAR YEAR



Employee Health Services | CSD

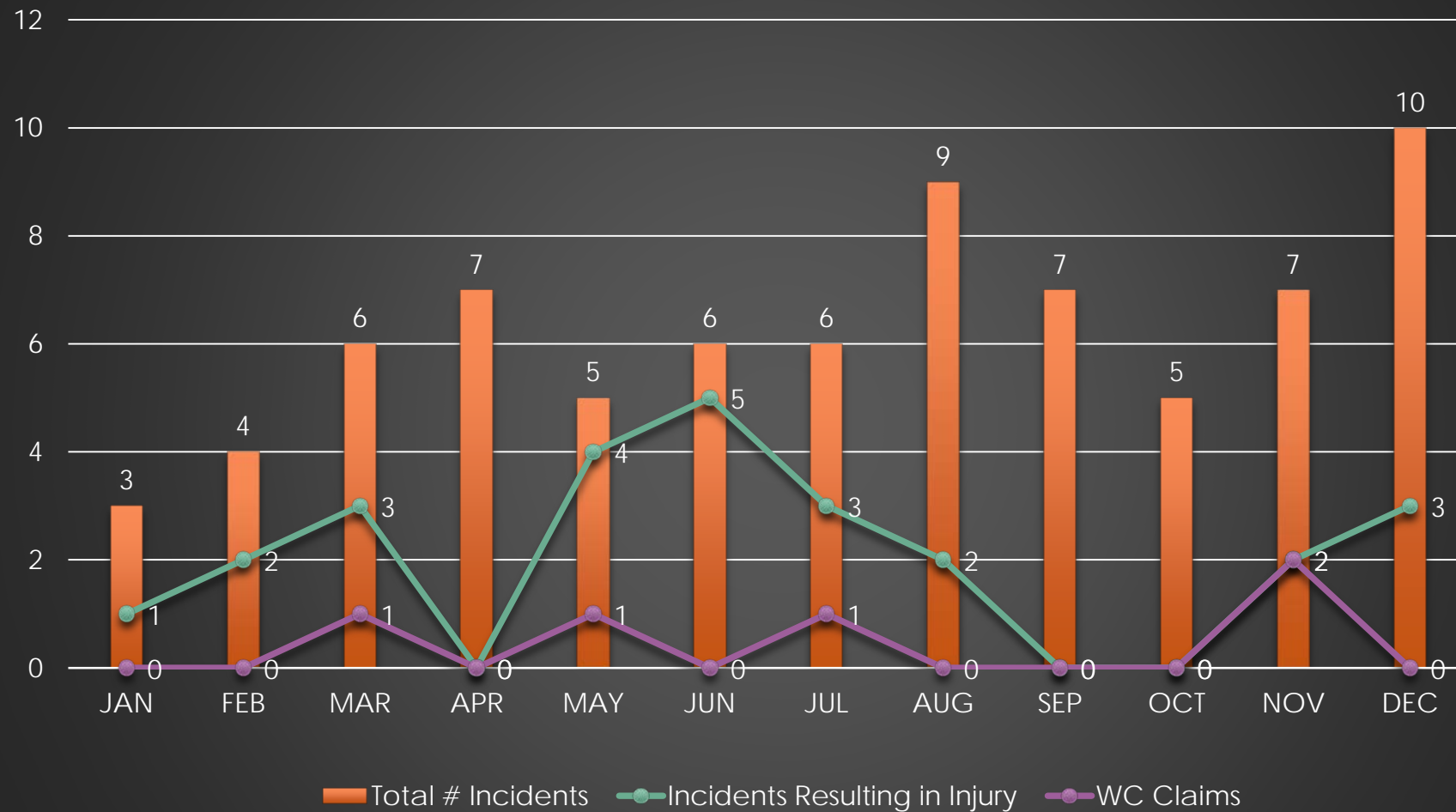
CALENDAR YEAR INCIDENTS BY CONTRIBUTING FACTORS



Employee Health Services | CSD

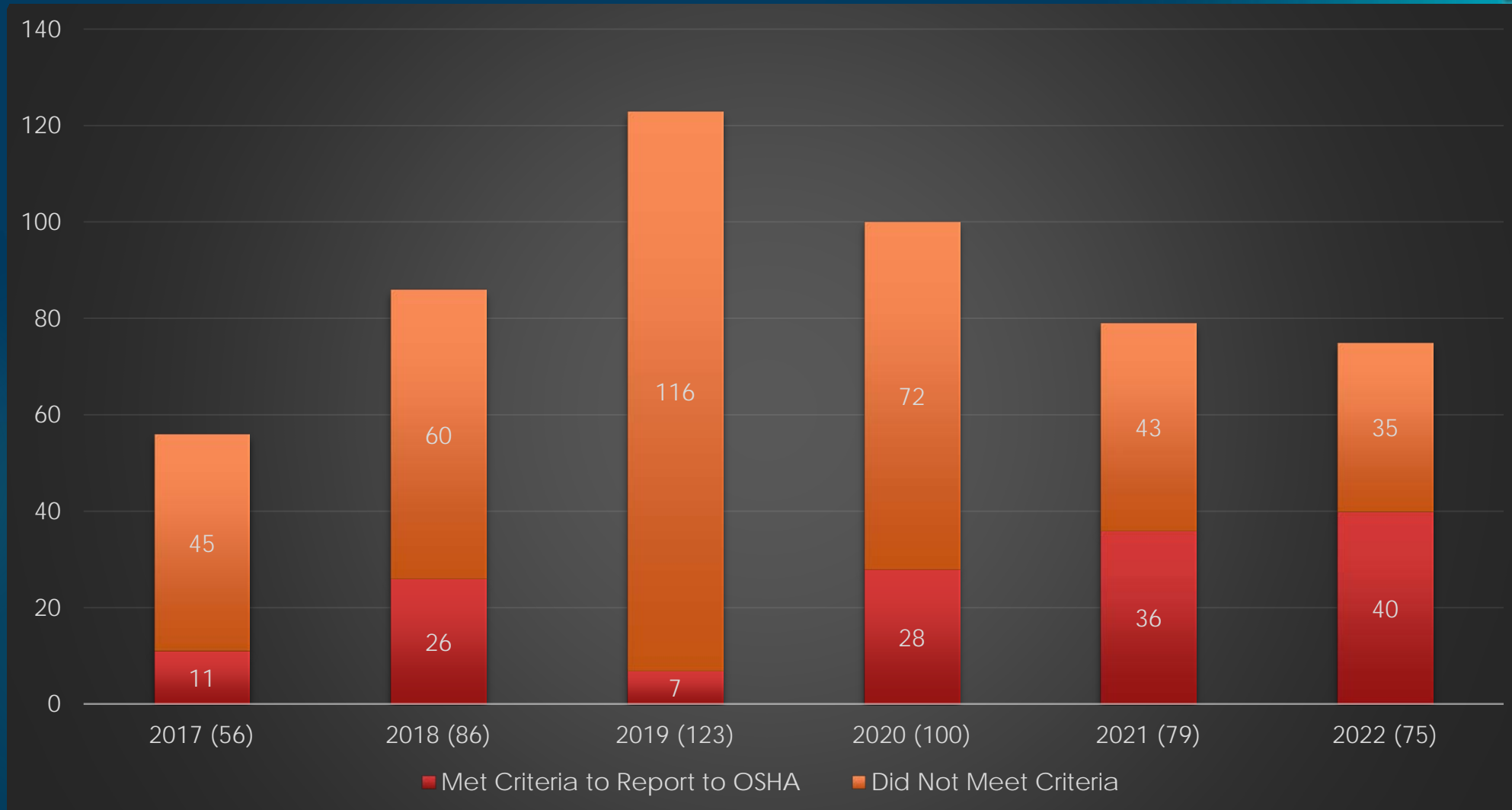
- **Altered Mentation:** (Mental Disability, Encephalopathy, Confused, Dementia, Disoriented, Agitation not related to substance use)
- **Substance Use:** CIWA, Drug Use, Alcohol use, drug/alcohol withdrawal
- **Aggressive Behaviors:** (Angry, agitation not related to #1 or #2)
- **Not Documented**

2022 CY TOTAL NUMBER OF WORKPLACE VIOLENCE INCIDENTS (75), INJURIES (25) & WC CLAIMS BY MONTH (5)

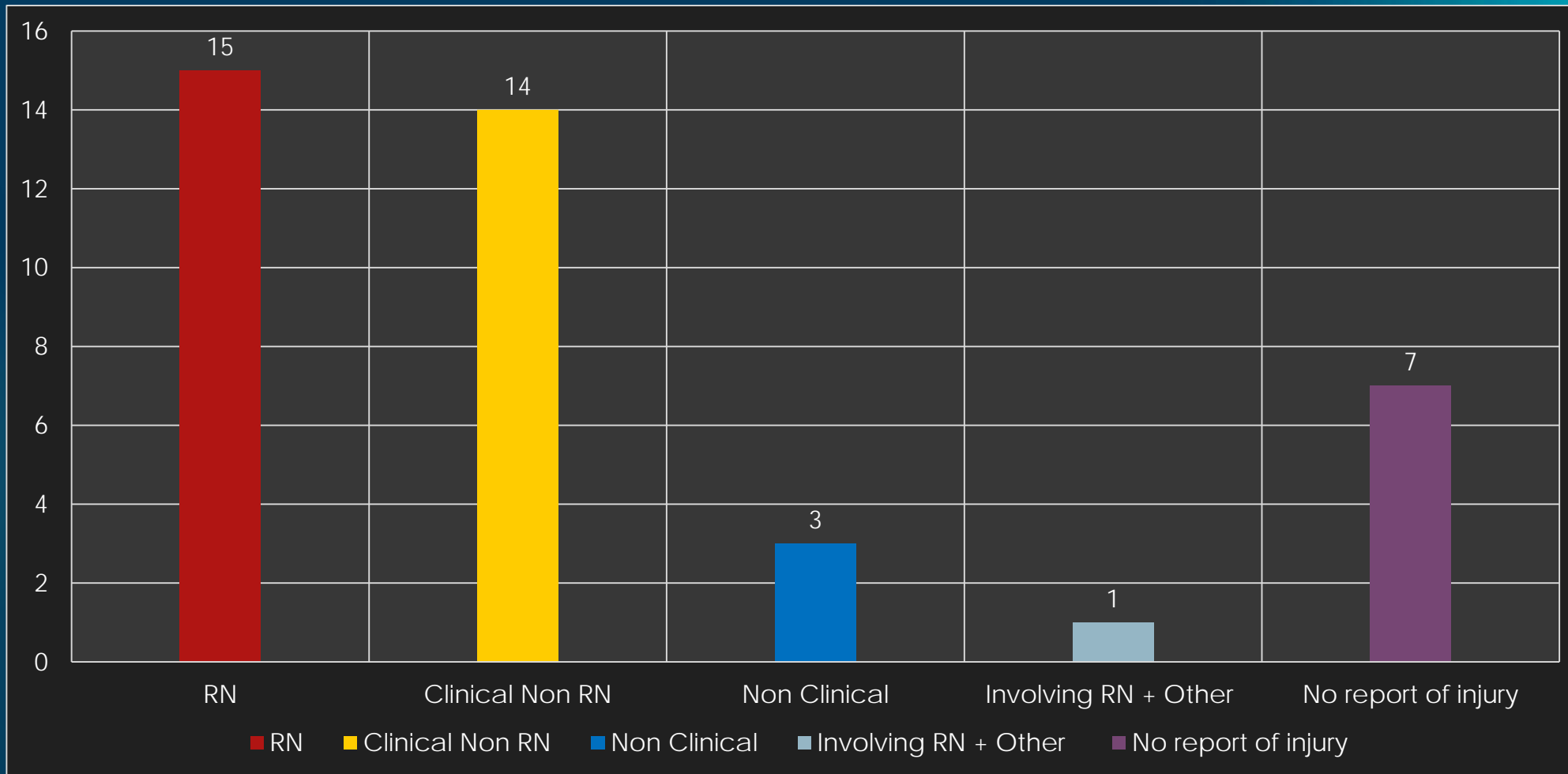


TOTAL INCIDENTS VS. REPORTED TO CAL/OSHA WORKPLACE VIOLENCE INCIDENT REPORTING SYSTEM

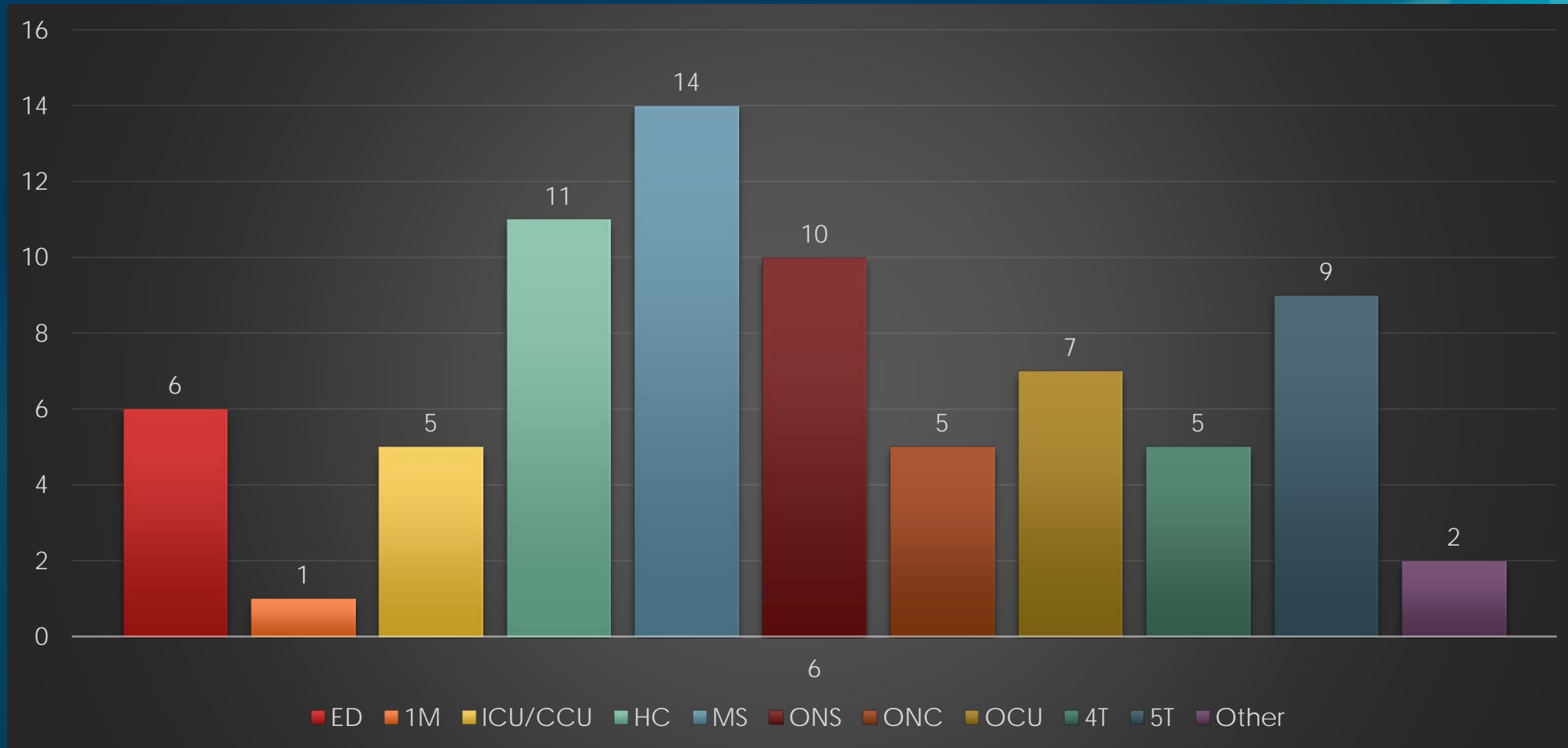
Employee Health Services | CSD



2022 CY WPV INCIDENTS REPORTED TO CAL OSHA BY STAFF CLASSIFICATION



2022 WPV TOTAL INCIDENTS BY UNIT

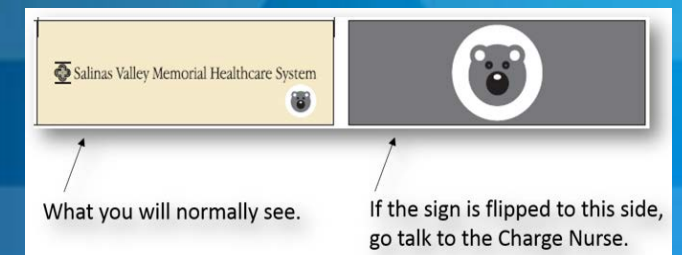


STAFF SURVEY RESULTS: FAQ'S

FAQs given at the Professional Development Fair:

1. Where do I report if I feel someone I work with behavior does not meet the "STAR Values":
2. Do I need to report if a patient hits me due to confusion:
3. Do you know we have a "Code Lavender – Care for the Caregiver" team that staff can utilize in these situation
4. EAP (Employee Assistance Program) is available to all staff.

3 Bears are related to the three things we use to help staff know when they need to pause and get more information related to a patient of those accompanying the patient related to behaviors. They are the Bear Magnet, Door plaque with the grey bear, and the grey gowns.



WORKPLACE VIOLENCE SUMMARY

- ▶ Workplace violence continues in healthcare
- ▶ Patients with altered mentation identified as our #1 cause of workplace violence this year
- ▶ Areas of opportunity identified:
 - * Knowledge of the 3 Bears and what to do if a patient has the indicator
 - * What is considered workplace violence and what falls under STAR values (behavior)
 - * Additional nursing units need 3 Bears process initiated
 - * Departments identified as needing mandatory in person workplace violence training

WORKPLACE VIOLENCE NEXT STEPS:

- Quarterly WPV meetings with leaders and staff
- Include additional departments in the staff meetings:
 - * Concierge, Wound Care, Out patient Infusion
- Work on “post incident” huddle worksheet that will capture action plans and identify areas of opportunity
- Invite workgroups working on delirium/confusion and Patient Relations to present to the WPV committee

Thank you for your time

Questions?

Employer Contributions to the Defined Contribution Plan

SVMH & SVMC

2017 - 2022

Eligibility

- **Basic and Matching Contributions**

SVMH Full-time and Part-time Employees:

- not affiliated with a union
- represented by ESC-Local 20
- with 1,000 hours of service

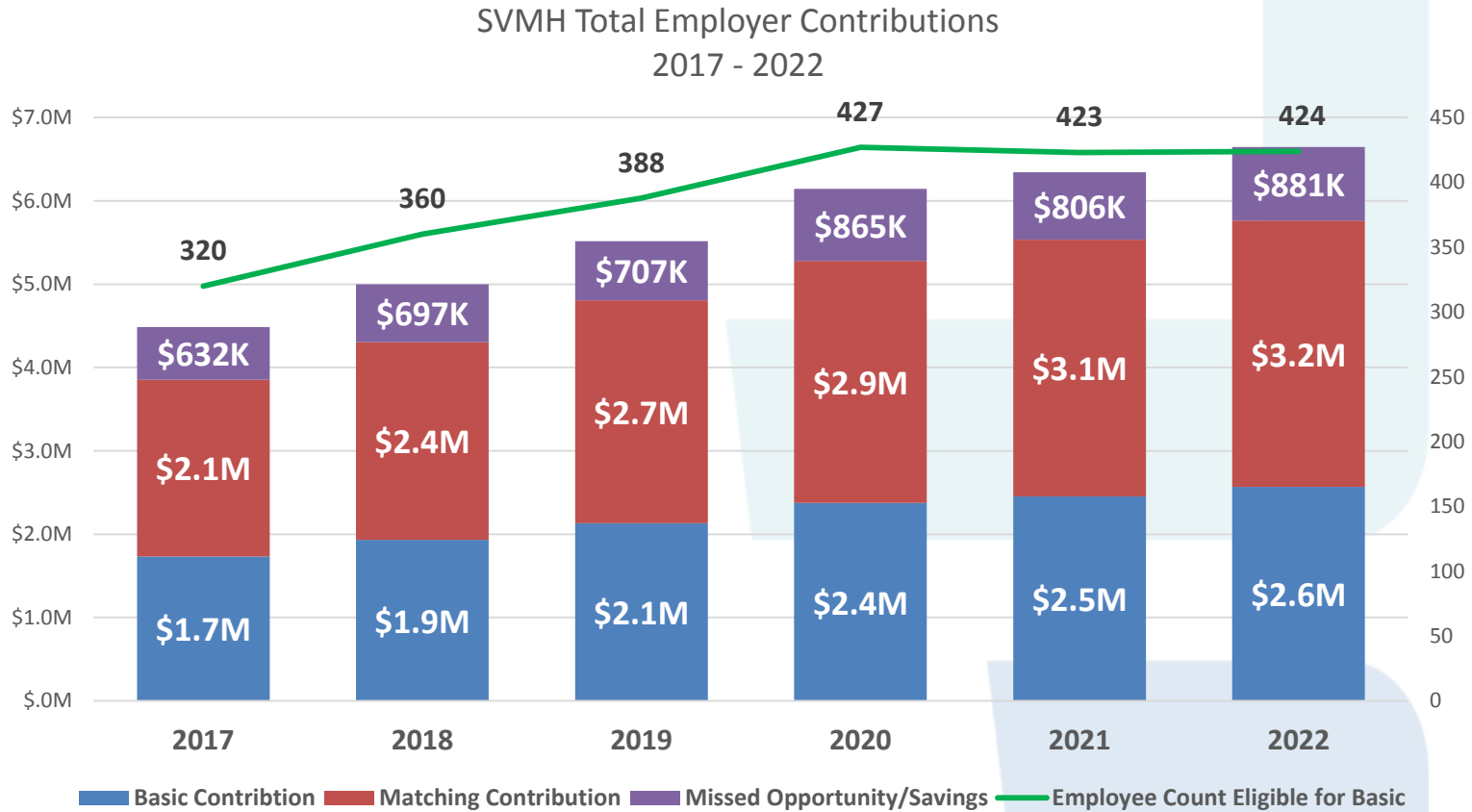
- **Basic Contribution**

SVMC Physicians, with 1,000 hours of service

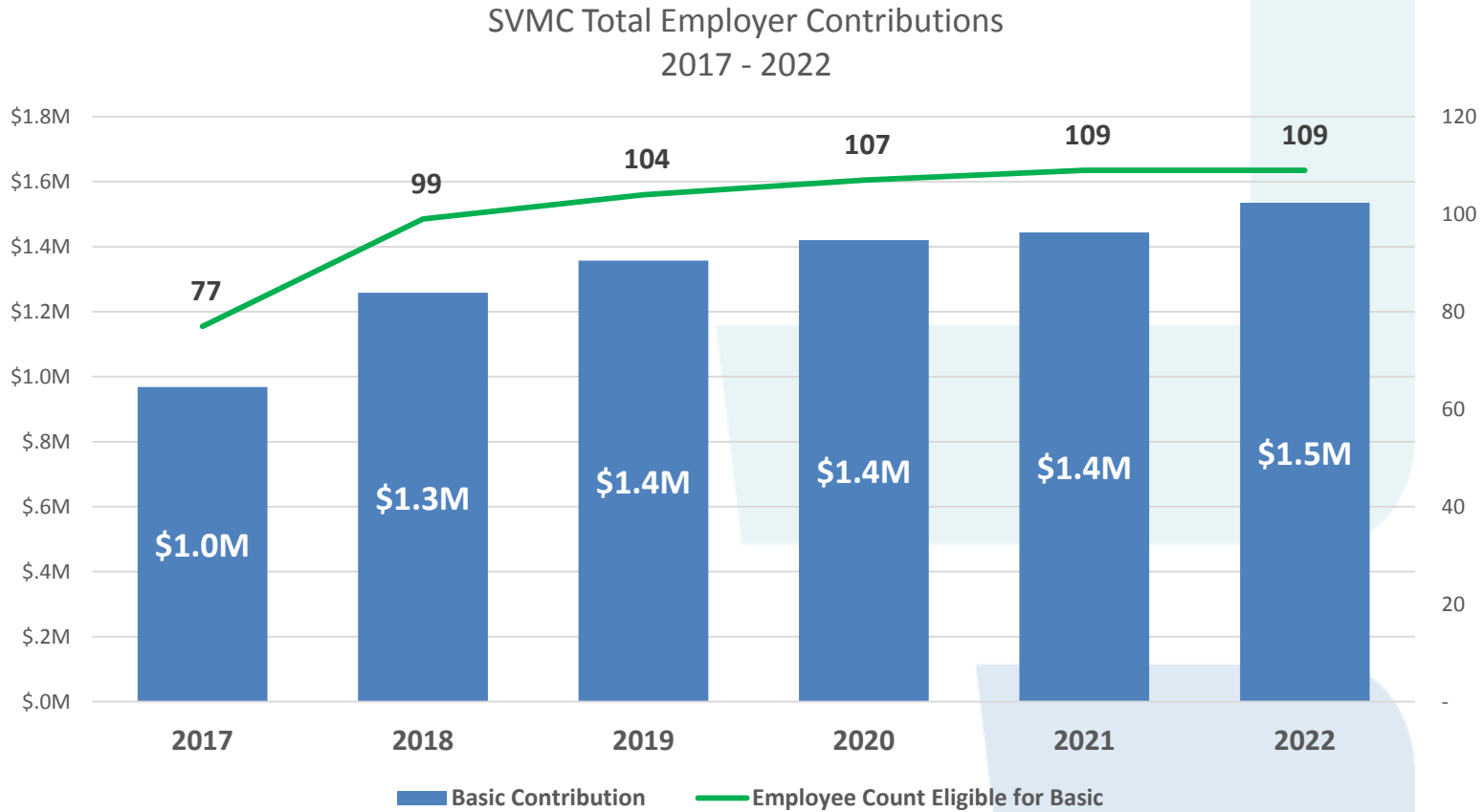
Basic and Matching Contributions

- Basic:
 - 5% of eligible compensation
- Matching:
 - 100% match of employee's deferral from 3% to 8% of eligible compensation
- Vesting:
 - 3 year cliff

SVMH Total Employer Contributions 2017 - 2022



SVMC Total Employer Contributions 2017 - 2022



QUESTIONS / COMMENTS

RESOLUTION OF SELF CORRECTION

*(Resolution and
Backup Documents
Included in the Packet)*

(VERBAL)

(CHILDS)

**RESOLUTION OF THE PLAN ADMINISTRATOR
OF SALINAS VALLEY MEMORIAL HEALTHCARE DISTRICT
EMPLOYEES PENSION PLAN**

**CONFIRMATION OF SELF-CORRECTION OF
INSIGNIFICANT OPERATIONAL FAILURES UNDER
THE EMPLOYEE PLANS COMPLIANCE RESOLUTION SYSTEM**

RECITALS:

Salinas Valley Memorial Healthcare System (Employer) established the Salinas Valley Memorial Healthcare District Employees Pension Plan (Plan), effective as of November 1, 1966, and the Plan was most recently amended and restated effective as of January 1, 2016;

The Plan is intended to be a defined benefit plan that meets the requirements of section 401(a) of the Internal Revenue Code of 1986, as amended (Code);

The Personnel, Pension and Investment Committee is the Plan's administrator (Plan Administrator) and has the authority and responsibility to manage and direct the operation and administration of the Plan;

During an internal audit performed by the recordkeeper for the Plan, it came to light that some of the hours reported by the Employer to the recordkeeper during the 2017 to 2020 calendar years were incorrect. This resulted in ten retirees being impacted and corrections to payments needed to be made. Five retirees have been underpaid and five retirees have been overpaid;

As shown in Exhibit A, as of July 1, 2022, the total underpayments were \$2,481.72 (Error 1) and the total overpayments were \$25,859.45. (Error 2);

The Plan Administrator has consulted with the Plan's employee benefits counsel and has been advised that the Error #1 and Error #2 (collectively "Errors") are Operational Failures and could be corrected under a correction program established by the Internal Revenue Service (IRS) under the IRS Employee Plans Compliance Resolution System (EPCRS), more fully described in IRS Revenue Procedure 2021-30 (Rev. Proc. 2021-30);

Section 5.01(2)(b) of Rev. Proc. 2021-30 defines "Operational Failure" as a Qualification Failure (other than an Employer Eligibility Failure) that arises solely from the failure to follow plan provisions;

Section 6 of Rev. Proc. 2021-30 sets forth general rules and correction principles;

Section 6.02(1) of Rev. Proc. 2021-30 provides that "the correction method should restore the plan to the position it would have been in had the failure not occurred, including

restoration of current and former participants and beneficiaries to the benefits and rights they would have had if the failure had not occurred”;

Section 6.02(2) of Rev. Proc. 2021-30 provides that "the correction method should be reasonable and appropriate for the failure”;

Section 6.02(4)(d) of Rev. Proc. 2021-30 provides that an underpayment must be corrected by distributing to the participant the underpayment plus earnings based on the plan’s provisions for determining actuarial equivalence;

Section 6.06(3) of Rev. Proc. 2021-30 provides that an overpayment from a defined benefit plan must be corrected by either (i) requesting that the participant return the overpayment adjusted for earnings, (ii) amending the plan to allow such overpayments, or (iii) having the employer contribute the overpayment to the plan;

Section 4.01(a) of Rev. Proc. 2021-30 states that Qualified Plans are eligible for self-correction (SCP) with respect to Insignificant Operational Failures;

Section 8 of Rev. Proc. 2021-30 permits the self-correction of Insignificant Operational Failures at any time and provides factors to be considered in determining whether an Operational Failure under a plan is insignificant;

Part IV of Rev. Proc. 2021-30 permits Employers to make corrections of eligible Insignificant Operational Failures in their qualified retirement plans without notice to the IRS and without penalty or the payment of a fee, thereby avoiding the disqualification of their plans because of such Operational Failures;

In order to be eligible for the relief offered under the SCP, section 4.04 of Rev. Proc. 2021-30 requires that the Employer or administrator has established practices and procedures reasonably designed to promote and facilitate overall compliance in form and operation with applicable Code requirements and that they must have been in place and routinely followed, but through an oversight or mistake in applying them, or because of an inadequacy in the procedures, an Insignificant Operational Failure occurred;

The Employer and the Plan Administrator had certain practices and procedures in place with respect to the Plan at the time the Errors occurred;

These practices and procedures were routinely followed, but through an oversight or mistake in applying them, or because of an inadequacy in the procedures, the Errors occurred;

Through the adoption of internal controls and discussions with its counsel, Best Best & Krieger, the Plan Administrator has developed a sharpened appreciation of, and attention to, the relevant practices and procedures that would prevent such Errors from re-occurring;

To the best of the Plan Administrator's knowledge and belief, the Plan is not "under examination" as defined in section 5.08 of Rev. Proc. 2021-30;

The Plan Administrator has determined on the basis of the above that the Errors represent Insignificant Operational Failures that could be corrected under SCP;

Section 9.04 of the Plan provides that the Plan Administrator may correct any Plan defect and the Plan Administrator made the following corrections:

Error 1 was corrected on July 8, 2022 by notifying each of the five retirees of the underpayments, increasing future payments accordingly, and providing each of them with a corrective distribution for the past underpayments, including earnings calculated in accordance with the Plan's interest rate for determining actuarial equivalence; and

Error 2 was corrected on July 8, 2022 by notifying each of the five retirees of the past overpayments and correcting future payments to reflect the correct payment amounts. These retirees were not required to repay any past overpayments, because the Employer would contribute the overpayment amounts to the Plan in accordance with the requirements of Rev. Proc. 2021-30.

NOW, THEREFORE, BE IT RESOLVED THAT:

Any actions taken by administrative personnel of the Employer with regard to the correction of the Insignificant Operational Failures described in this resolution are hereby approved, ratified and adopted by the Plan Administrator; and

The appropriate administrative personnel of the Employer are hereby specifically authorized and directed to take any and all further actions they may deem necessary or appropriate to implement the actions taken and contemplated by these resolutions; and

The Plan Administrator hereby confirms and updates its practices and procedures with respect to determining benefit payments under the Plan so as to avoid any re-occurrence of such failures.

This resolution was adopted by the Plan Administrator on _____, 2023.

Executed _____, 2023.

By: _____

Title: _____

EXHIBIT A

Underpayments

First Name	Original Amount	Correct Amount	Total Difference 7/1/2022	Total Underpayments 7/1/2022
Retiree 1	\$2,574.78	\$2,607.59	\$492.15	\$492.15
Retiree 2	\$4,407.82	\$4,460.41	\$1,577.70	\$1,577.70
Retiree 3	\$3,743.33	\$3,744.59	\$52.92	\$52.92
Retiree 4	\$922.12	\$927.30	\$269.36	\$269.36
Retiree 5	\$2,782.14	\$2,787.41	\$89.59	\$89.59
				\$2,481.72

Overpayments

First Name	Original Amount	Correct Amount	Total Difference 7/1/2022	Total Overpayments 7/1/2022
Retiree 6	\$6,858.90	\$6,731.36	(\$4,591.44)	(\$4,591.44)
Retiree 7	\$3,373.17	\$2,986.51	(\$12,373.12)	(\$12,373.12)
Retiree 8	\$2,291.99	\$2,225.32	(\$3,133.49)	(\$3,133.49)
Retiree 9	\$6,077.20	\$5,934.19	(\$5,720.40)	(\$5,720.40)
Retiree 10	\$2,080.46	\$2,079.64	(\$41.00)	(\$41.00)
				(\$25,859.45)

Memorandum

To: Personnel, Pension and Investment Committee
From: Michelle Childs
Chief Human Resources Officer
Date: June 6, 2022
Re: Recommendation for Committee approval – Over/Underpayment
Correction

During an internal audit performed by Transamerica, it came to light that some of the hours reported from SVMH to Transamerica were incorrect. We worked with Transamerica to correct hours for the following plan years: 2017, 2018, 2019, and 2020. Once the hours were corrected, Transamerica identified participants who received retirement initiation kits with benefit calculation amounts based on incorrect hours. This resulted in 10 retirees being impacted and corrections to payments needing to be made. 5 retirees have been underpaid and 5 retirees have been overpaid.

The IRS's Employee Plans Compliance Resolution System (EPCRS) provides that an underpayment must be corrected by distributing to the participant the underpayment plus earnings based on the plan's provisions for determining actuarial equivalence. An overpayment must be corrected by either (i) requesting that the participant return the overpayment adjusted for earnings, (ii) amending the plan to allow such overpayments, or (iii) having the employer contribute the overpayment to the plan. In addition ongoing benefit payments to all affected participants should be corrected.

As of 7/1/2022 the total underpayments are \$2,481.72. The 5 retirees who are impacted will receive a one-time payment to cover the amount that was underpaid (including lost earnings), then their ongoing benefit payments will be corrected.

As of 7/1/2022 the total overpayments are \$25,859.45. Given the fact that the error was not due to the fault of the retirees, I recommend that the 5 retirees who are impacted will not be asked to repay the overpaid amounts, however their benefit payments would be adjusted to reflect the correct payment amount beginning with the 7/1/2022 payment.

In an effort to prevent this from occurring going forward, the hospital will provide a final year-to-date file with total hours to Transamerica as part of the year end benefits process.

I further recommend Committee approval of a one-time reimbursement to the Plan of \$25,859.45 to cover the cost of the overpayments for the 5 impacted retirees and reimbursing the trust. This reimbursement will be met with the additional 2022 Pension Plan contribution approved in March 2022 to be made by the end of the year.

Impacted Population

Underpayments

First Name	Original Amount	Correct Amount	Total Difference 7/1/2022	Total Underpayments 7/1/2022
Retiree 1	\$2,574.78	\$2,607.59	\$492.15	\$492.15
Retiree 2	\$4,407.82	\$4,460.41	\$1,577.70	\$1,577.70
Retiree 3	\$3,743.33	\$3,744.59	\$52.92	\$52.92
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Retiree 10	\$2,080.46	\$2,079.64	(\$41.00)	(\$41.00)
				(\$25,859.45)



6400 C Street SW
Cedar Rapids, IA 52499
888-976-8196

June xx, 2022

First Name Last Name
Address 1
City State Zip

RE: Salinas Valley Memorial Healthcare District Employees Pension Plan
Transamerica Reference: MF73346-01

Dear First Name Last Name:

Transamerica Retirement Solutions, LLC ("Transamerica") is the recordkeeper for the Salinas Valley Memorial Healthcare District Employees Pension Plan (the "Plan"). We are contacting you because it has come to our attention during an audit of our benefit calculation system that the monthly amount of the retirement benefit you are currently receiving has been overstated since the commencement of your benefits on November 1, 2019. Salinas Valley Memorial Healthcare is aware of this situation and has directed Transamerica to adjust your monthly benefit payments in accordance with the terms of the Plan going forward. You will not be required to return the overpaid amounts to the Plan.

Explanation of the Incorrect Payments.

Plan participants accrue a year of service after working 1,000 hours during a Plan year where the Plan year begins on January 1. The hours data used when calculating your benefit was overstated, therefore you were mistakenly credited the associated benefit accruals for years when you had worked less hours than we had on record.

We received from Salinas Valley Memorial Hospital the corrected hours for you and have recalculated your benefit payment amount. **Beginning with the August 1, 2022 payment, your benefit amount will be decreased to \$X,XXX per month, and will remain at this amount for your lifetime.**

We have calculated the overpayment of past benefit payments from your date of benefit commencement (November 1, 2019 through July 31, 2022) to be \$XXXX. As mentioned above, the Plan is not seeking the return of these overpayments from you, but your benefit will be adjusted as of August 1, 2022 to the correct monthly benefit amount.

We sincerely apologize for this error. Our Customer Service Representatives are available to assist you with any questions at **888-976-8196** Monday through Friday, from 8:00 a.m. to 8:00 p.m. Eastern Time.

Sincerely,

Transamerica Retirement Solutions, LLC



6400 C Street SW
Cedar Rapids, IA 52499
888-976-8196

June xx, 2022

First Name Last Name
Address 1
City State Zip

RE: Salinas Valley Memorial Healthcare District Employees Pension Plan
Transamerica Reference: MF73346-01

Dear First Name Last Name:

Transamerica Retirement Solutions, LLC ("Transamerica") is the recordkeeper for the Salinas Valley Memorial Healthcare District Employees Pension Plan (the "Plan"). We are contacting you because it has come to our attention during an audit of our benefit calculation system that the monthly amount of the retirement benefit you are currently receiving has been understated since the commencement of your benefits on November 1, 2019. Salinas Valley Memorial Hospital is aware of this situation and has directed Transamerica to adjust your monthly benefit payments in accordance with the terms of the Plan going forward.

Explanation of the Incorrect Payments.

Plan participants accrue a year of service after working 1,000 hours during a Plan year where the Plan year begins on January 1. The hours data used when calculating your benefit was understated, therefore you were mistakenly not credited the associated benefit accruals for years when you had worked more hours than we had on record.

We received from Salinas Valley Memorial Hospital the corrected hours for you and have recalculated your benefit payment amount. **Beginning with the August 1, 2022 payment, your benefit amount will be increased to \$X,XXX per month, and will remain at this amount for your lifetime.**

We have calculated the total underpayment of past benefit payments from your date of benefit commencement (November 1, 2019 through July 31, 2022), including interest, to be \$XXXX. You will receive a one-time payment for this amount.

We sincerely apologize for this error. Our Customer Service Representatives are available to assist you with any questions at **888-976-8196** Monday through Friday, from 8:00 a.m. to 8:00 p.m. Eastern Time.

Sincerely,

Transamerica Retirement Solutions, LLC

**MINUTES OF THE JUNE 2022
PERSONNEL, PENSION AND INVESTMENT COMMITTEE MEETING
COMMITTEE OF THE WHOLE
SALINAS VALLEY MEMORIAL HEALTHCARE SYSTEM**

**TUESDAY, JUNE 21, 2022
12:00 P.M. – DOWNING RESOURCE CENTER, ROOMS A, B & C
SALINAS VALLEY MEMORIAL HOSPITAL
450 E. ROMIE LANE, SALINAS, CALIFORNIA
OR VIA TELECONFERENCE**

Pursuant to SVMHS Board Resolution No. 2022-08, Assembly Bill 361, and guidance from the Monterey County Health Department in response to concerns regarding COVID-19, Board Members of Salinas Valley Memorial Healthcare System, a local health care district, are permitted to participate in this duly noticed public meeting via teleconference and certain requirements of The Brown Act are suspended.

Committee Members Present: In person: Glenn Berry, MD, Augustine Lopez, and Chair Regina Gage. Via Teleconference. Pete Delgado and Michelle Childs

Committee Members Absent: Tony Redmond and Richard Turner

Other Board Members Present, Constituting Committee of the Whole: Via Teleconference: Juan Cabrera

A quorum was present and the meeting was called to order at 12:00 p.m. by Director Gage, Committee Chair.

APPROVAL OF MINUTES FROM THE PERSONNEL, PENSION AND INVESTMENT COMMITTEE MEETING OF APRIL 26, 2022

Personnel, Pension and Investment Committee Meeting of April 26, 2022

No public input received.

MOTION: Upon motion by Committee member Delgado, second by Committee member Berry, MD., the Personnel, Pension and Investment Committee meeting minutes of April 26, 2022 were approved.

CONSIDER RECOMMENDATION FOR BOARD APPROVAL OF FINDINGS SUPPORTING RECRUITMENT OF PHYSICIANS TO COMMUNITY MEDICAL GROUPS AND PRACTICES AND APPROVAL OF RECRUITMENT INCENTIVES

In consultation with members of the SVMH medical staff, and in compliance with requirements of Stark Law, SVMHS executive management has identified the recruitment of physicians in certain medical specialties as a recruiting priority for the hospital's service area.

The Medical Staff Development Plan, completed by ECG Management Consultants in October 2019, identified the specialty of Pediatrics as a recommended priority for recruitment. Additionally, recruitment for the hospital-based specialty of Anesthesia is evaluated based on the needs of the hospital to ensure appropriate levels of coverage to meet patient care needs. Service line volumes and program coverage needs are the primary drivers of recruitment to this specialty.

Page 57 of 63

To support physician recruitment to the District's service area, SVMHS collaborates with local medical groups and practices in the recruiting process through contributions to the costs of recruiting firms and associated recruitment expenses, and contributions to incentives paid to physicians that relocate to our community.

The background/situation/rationale and financial implications were included in the packet.

No public input received.

MOTION:

Upon motion by Committee member Delgado, second by Committee member Lopez, the Personnel, Pension and Investment Committee recommends the SVMHS Board of Directors approve the following.

- (i) The Board makes the following findings supporting the recruitment of the physicians in the specialties of anesthesia and pediatrics:
 - The assistance by SVMHS in the recruitment of physicians in the specialties of anesthesia and pediatrics by community medical groups and practices is in the best interest of the public health of the communities served by the District; and
 - The recruitment incentives requested by the community medical groups and practices and supported by SVMHS for these recruitments are necessary in order to attract and relocate appropriately qualified physicians to practice in the communities served by the District.
- (ii) Approve the recruitment support to community medical groups and practices and the recruitment incentives for the medical specialties of anesthesia and pediatrics to be set forth in Recruitment Agreements among SVMHS, the community medical groups and practices, and the physicians.

Ayes: Childs, Delgado, Lopez, and Chair Gage. Noes: None; Abstentions: Berry; Absent: Redmond and Turner; Motion Carried.

CONSIDER RECOMMENDATION FOR COMMITTEE APPROVAL OF OVER/UNDER PENSION PAYMENT CORRECTION

Michelle Childs, Chief Human Resources Officer, reported an internal audit performed by Transamerica revealed that the SVMH reported incorrect hours for the following plan years: 2017, 2018, 2019, and 2020

Staff recommends the Personnel, Pension and Investment Committee approve a one-time reimbursement to the Plan of \$25,859.45 to cover the cost of the overpayments for the 5 impacted retirees and reimbursing the trust.

The background/situation/rationale and financial implications were included in the packet.

No public input received.

MOTION: Upon motion by Committee member Delgado and second by Committee member Lopez, the Personnel, Pension and Investment Committee recommends the SVMHS Board of Directors approve a one-time reimbursement to the Plan of \$25,859.45 to cover the cost of the overpayments for the 5 impacted retirees and reimbursing the trust.

Page 58 of 63

Ayes: Berry, Childs, Delgado, Lopez, and Chair Gage. Noes: None; Abstentions: None; Absent: Redmond and Turner; Motion Carried.

Review Investment Performance for Quarter Ending March, 2022 of SVMHS'S 403(b) Plan, 457 Plan and Employee Pension Plan

Augustine Lopez, Chief Financial Officer, introduced Steven Kjar, Vice President and Frank Salb, Director of Investments, Lockton Retirement Services an offering of Creative Planning, who provided an

Economic and Market Update as of March 31, 2022 of SVMHS's 403(b) plan, 457 Deferred Compensation Plan, and the Employees' Defined Benefit Pension Plan. This information was included in the Committee packet. Mr. Kjar and Mr. Salb provided the following key highlights:

Market Commentary

An economic & Market update was presented including economic growth, employment, inflation components, interest rates, the stock market, annual returns and intra-year declines and recovery, value vs. growth performance including labor concerns, geopolitical risk, and bond market implications.

403(b) Plan and 457(b) Plan Review

Lockton reviewed the investment lineup, investment performance and plan assets in both the 403(b) and 457(b) Plans as of March 31, 2022. Total assets of the 403(b) plan were \$113,128,147.12; and total assets of the 457 Deferred Compensation Plan were \$17,801,289.56. No investments have been placed on watch at this time. Capital preservation objectives and options were reviewed.

Pension Plan Review

Lockton reviewed the investment lineup, investment performance and plan assets of the pension plan as of March 31, 2022. Total assets of the Employees Pension Plan were \$459,759,724.17. The Western Asset Core Plus Bond portfolio has been placed on watch at this time. The following was reviewed relative to plan benchmarks.

- a. One Year Performance
 - Actual: 2.22%
 - Benchmark: 3.20%
- b. Three Year Performance
 - Actual 8.90%
 - Benchmark 9.16%
- c. Five Year Performance
 - Actual 8.05%
 - Benchmark 7.87%
- d. Since Inception
 - Actual 9.35%

Performance information obtained from Trust Reports prepared by Transamerica. Performance is actual performance for time period listed and returns are net of investment management fees.

Committee Discussion: The bond market remains a diversifying asset for investment portfolios. Bonds are generally a less risky investment than stocks and, for the first time in many years, are starting to produce yields that may be attractive to investors.

The *great resignation* has contributed to inflation. With markets correcting and approaching bear market territory, inflation being an issue and concern about recession, will people reenter the employment market and will this reemployment have a positive impact on the economy? This is difficult to measure currently but, probably not. Economists and investors do not expect many people that retired during COVID-19 to return to the labor force.

Bonds remain an investment that will provide diversification alternatives to investors. Long term, with rising interest rates, these investments will become an alternative that can produce return for investors and provide some risk mitigation to investors.

No public input received.

FINANCIAL AND STATISTICAL REVIEW

Augustine Lopez, CFO, provided a financial and statistical performance review for the month ending May 2022. This information was included in the Committee packet

Key highlights of the financial summary for May 2022 were: (1) Income from operations was negative \$1.4M with an operating margin of negative 2.7%, (2) Net income was negative \$2.6M with a net income margin of -4.9%; (3) Inpatient gross revenues were above budget; (4) Emergency Department gross revenues were above budget; (5) Outpatient gross revenues were above budget; (6) Payor mix was unfavorable to the budget; (7) Total normalized net patient revenues were favorable to the budget; (8) Outpatient surgeries were below budget and inpatient surgeries were above budget; (9) Average daily census and total admissions were above budget; (8) Total acute average length of stay (ALOS) Medicare traditional ALOS CMI adjusted was unfavorable; (9) Operating revenues met expenses; (10) Days cash on hand was 341; days of net accounts receivable is 55.

No public input received.

PUBLIC INPUT

No public input received.

CLOSED SESSION

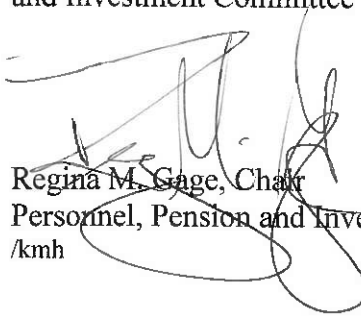
Regina Gage, Chair, announced that the item to be discussed in Closed Session is *Conference with Labor Negotiator – Concerning National Union of Healthcare Workers, California Nurses Association, Local 39 and ESC Local 20*. The meeting was recessed into Closed Session under the Closed Session protocol at 1:03 p.m.

RECONVENE OPEN SESSION/REPORT ON CLOSED SESSION

The Committee reconvened Open Session at 1:10 p.m. Chair Regina Gage reported that in Closed Session, the Committee discussed: *Conference with Labor Negotiator – Concerning National Union of Healthcare Workers, California Nurses Association, Local 39 and ESC Local 20*. No action was taken in the Closed Session.

ADJOURNMENT

There being no other business, the meeting was adjourned at 1:11 p.m. The July 2022 Personnel, Pension and Investment Committee Meeting is scheduled for **Tuesday, July 26, 2022, at 12:00 p.m.**


Regina M. Gage, Chair
Personnel, Pension and Investment Committee
/kmh

BANKING RELATIONSHIPS

(VERBAL)

(LOPEZ)

PUBLIC INPUT

ADJOURNMENT