



AGENDA
JOINT MEETING OF THE
FINANCE AND INVESTMENT COMMITTEES
OF THE EL CAMINO HOSPITAL BOARD OF DIRECTORS

Monday, March 23, 2026 – 4:00 pm

El Camino Health | 2500 Grant Road Mountain View, CA 94040 | Sobrato Boardroom 1

THE PUBLIC IS INVITED TO JOIN THE OPEN SESSION PORTION OF THE MEETING LIVE AT THE ADDRESS ABOVE OR VIA TELECONFERENCE AT: **1-669-900-9128, MEETING CODE: 945 5533 5562#**. **No participant code.**
Just press #

To watch the meeting, please visit: [Joint Finance / Investment Committee Meeting Link](#)

Please note that the livestream is for meeting viewing only and there is a slight delay; to provide public comment, please use the phone number listed above.

NOTE: In the event that there are technical problems or disruptions that prevent remote public participation, the Chair has the discretion to continue the meeting without remote public participation options, provided that no Committee member is participating in the meeting via teleconference.

TIME ESTIMATES: Except where noted as TIME CERTAIN, listed times are estimates only and are subject to change at any time, including while the meeting is in progress. The Committee reserves the right to use more or less time on any item, to change the order of items and/or to continue items to another meeting. Particular items may be heard before or after the time estimated on the agenda. This may occur in order to best manage the time at a meeting.

A copy of the agenda for the Joint Finance-Investment Committee Meeting will be posted and distributed at least seventy-two (72) hours prior to the meeting. In observance of the Americans with Disabilities Act, please notify us at **(650) 988-3218** prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

	AGENDA ITEM	PRESENTED BY	ACTION	ESTIMATED TIMES
1.	CALL TO ORDER / ROLL CALL	Don Watters, Finance Committee (“FC”) Chair	Information	4:00 pm
2.	POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Don Watters, FC Chair	Information	4:00 pm
3.	PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons to address the Committee on any matter within the subject matter jurisdiction of the Committee that is not on this agenda. Speakers are limited to three (3) minutes each.</i> b. Written Correspondence <i>Comments may be submitted by mail to the Finance and Investment Committees of the El Camino Hospital Board of Directors at 2500 Grant Avenue, Mountain View, CA 94040. Written comments will be distributed to the Committee as quickly as possible. Please note it may take up to 24 hours for documents to be posted on the agenda.</i>	Don Watters, FC Chair	Information	4:00 pm
4.	RECESS TO CLOSED SESSION	Don Watters, FC Chair	Motion Required	4:00
5.	LONG RANGE FINANCIAL / CAPITAL FORECAST <i>Health and Safety Code Section 32106(b) – for a report and discussion involving healthcare facility trade secrets.</i>	Raju Iyer, CFO	Discussion	4:00 – 4:50
6.	RECONVENE TO OPEN SESSION	Don Watters, FC Chair	Motion Required	4:50

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	AGENDA ITEM	PRESENTED BY	ACTION	ESTIMATED TIMES
7.	CLOSED SESSION REPORT OUT To report any required disclosures regarding permissible actions taken during Closed Session.	Gabe Fernandez, Governance Services Coordinator	Information	4:50 – 4:51
8.	<u>INVESTMENT UPDATE</u>	Raju Iyer, CFO	Discussion	4:51 – 5:10
9.	CLOSING COMMENTS	Don Watters, FC Chair	Information	5:10 – 5:15
10.	ADJOURNMENT	Don Watters, FC Chair	Motion Required	5:15 pm

Upcoming Meetings:

Finance Committee – April TBD, May 26, 2026

Investment Committee - May 11, 2026



**EL CAMINO HOSPITAL BOARD OF DIRECTORS
JOINT FINANCE AND INVESTMENT COMMITTEE MEETING MEMO**

To: ECH Finance and Investment Committees
From: Raju Iyer, Chief Financial Officer
Date: March 23, 2026
Subject: Investment Update

Purpose: To provide the Finance and Investment Committees with an update on the performance and recent developments of the El Camino Health investment portfolios.

Cash Surplus – Portfolio Overview (as of 12/31/2025):

As of December 31, 2025, the Total Surplus portfolio was valued at \$ 2.0 billion, and the Cash Balance Pension Plan was valued at \$449 million. Both portfolios remain well-diversified and have maintained liquidity above target.

Total Surplus Portfolio (as of 12/31/2025):

- 2025 Return: 11% (\$64.4 million in investment earnings)
- Recent actions include upgrading public equity and bond strategies, reallocating index funds, and reducing management fees (estimated annual savings: \$1.6 million).
- Continued build-out of private markets exposure and reduction/restructuring of hedge fund allocations.
- New investment in a money market fund to enhance returns on idle cash.

Cash Balance Pension Plan (as of 12/31/2025):

- 2025 Return: 13.5% (\$53.2 million in investment earnings)
- Termination of underperforming hedge fund and fixed income managers to align with Total Surplus portfolio strategy.
- Ongoing review of manager line-up and asset allocation.

Portfolio Adjustments:

- Termination of under-performing and non-aligned managers in the Total Surplus and Cash Balance Pension Plan portfolio.
- Additional commitments to private equity and venture capital partnerships, with ongoing evaluation of further opportunities.

Memo: El Camino Health | Joint Meeting Investment Committee Update
March 23, 2026

List of Attachments:

- Presentation - El Camino Health | Joint Meeting Investment Committee Update



El Camino Health | Joint Meeting Investment Committee Update

March 23, 2026

Executive Summary

- The Investment Committee oversees two El Camino Health portfolios with the assistance of Meketa Investment Group:
 - The Total Surplus (Reserve Cash) was valued at \$2.0 billion as of December 31, 2025. The portfolio returned 11% during 2025, and had \$64.4 million in investment earnings during the year.
 - The Cash Balance Pension Plan was valued at \$449 million as of December 31, 2025. The Plan returned 13.5% during 2025, and had \$53.2 million in investment earnings during the year.
- Both portfolios are **well-diversified** among asset classes and underlying investments, and underlying strategies are managed by a variety of investment managers that the El Camino Staff, the Investment Committee, and Meketa work together to select and monitor. Both portfolios also have intentionally held **higher liquidity than targets across 2025**.
- A variety of improvements have been made to the portfolios over the past year, including:
 - In public markets equity and bonds, upgrading strategy exposure and overall positioning. Moving some lower conviction strategy exposure to index funds, and switching to a lower cost vehicle for an existing strategy, is **expected to save El Camino Health approximately \$1.6 million per year in investment management fees**.
 - Working toward repositioning alternative assets, which have an Investment Policy target of 18% of Total Surplus assets and 20% for Cash Balance Pension assets. We are working toward **building the private markets program, reducing hedge funds, and restructuring the existing hedge fund allocation into a risk-mitigating approach**.
 - Investing the Total Surplus portfolio's **high cash balance**, part of which has been allocated to a new small cap US equity strategy, and the remainder of which is **now in a money market fund with a generative yield**.
- At upcoming meetings, the Investment Committee plans to discuss efforts to continue to try to best position the portfolios for a variety of market environments, while enhancing returns and controlling costs.
- The following slides provide additional detail on the current portfolios and ongoing/future initiatives.

Specific Progress since February Investment Committee Meeting

- El Camino Staff and Meketa have collaborated on the following portfolio updates in the **Total Surplus (Reserve Cash)** portfolio since the last IC meeting:
 - **New Investment in Fidelity Government Money Market Fund (FRGXX)**. This investment will enhance returns on idle cash, while remaining conservative and highly liquid.
 - **Review and Termination of Under-Performing Manager**. Funds will be available at the end of March and will be re-allocated to maintain exposure within the asset class target ranges.

- Additionally, El Camino Staff and Meketa have collaborated on the following portfolio updates in the **Cash Balance Pension Plan** since the last IC meeting:
 - **Review and Termination of Manager in the Portfolio**. Better alignment of managers in the Cash Balance Pension portfolio with manager and strategy changes made in the Total Surplus portfolio.
 - **Review of Cash Balance Pension Plan Managers**. Managers that were eliminated for lack of conviction in the Total Surplus portfolio should be eliminated in both portfolios. El Camino Staff and Meketa are also doing deeper dives on other underperforming managers in both portfolios.

Target Asset Allocations

→ In January 2023, the El Camino Health Investment Committee adopted the following Investment Policy Statement (IPS) targets for the **Total Surplus (Reserve Cash) portfolio**.

	Target (%)	Range (%)
Domestic Equities	22	17-27
International Equities	12	7-17
Global Equities	8	3-13
Alternatives	18	15-25
Short Term Fixed Income	10	8-40
Market Duration Fixed Income	20	10-25
Return Seeking Fixed Income	10	5-15

→ In 2020, the following IPS targets were adopted for the **Cash Balance Pension portfolio**:

	Target (%)	Range (%)
Domestic Equities	32	27-37
International Equities	18	15-21
Alternatives	20	17-23
Broad Fixed Income	25	20-30
Cash	5	0-8

→ We recommend that the Investment Committee re-evaluate overall asset allocation for the portfolios in the near future.

Public Equity Changes and Fee Savings

- Recent public markets portfolio changes were made with three goals in mind:
- **Increase efficiency within the portfolio:** some markets are better suited for active management than others (e.g. emerging market equities or domestic small cap equities) and it is beneficial to use active managers, which have higher management fees, in those spaces. Other markets, such as domestic large cap equities, are highly efficient and there is academic research showing that portfolios are better served by using passive funds and reducing fees in these areas.
- **Reduce fees:** Where possible, one goal of this exercise was to find areas where Meketa could help reduce management fees by either moving from an active strategy to a passive strategy in a highly efficient asset class or leveraging Meketa's negotiating power with existing managers in the portfolio.
- **Hold high conviction managers:** Meketa's manager research team regularly meets with investment managers in the El Camino portfolio and we recommend retaining/hiring managers that are high conviction options.

Hedge Fund Reduction

- Meketa recommended that El Camino Health **reduce the size of the hedge fund portfolio from its prior allocation of 11.4% of the total Surplus Cash portfolio, to 5% of the total portfolio.** We also recommended repositioning the hedge fund strategy from alpha-seeking to risk-mitigating. The allocation reduction required fund terminations, and the strategy shift involved retaining some current funds and adding new ones.
- Our review of the hedge fund portfolio focused on retaining those managers that provided the most diversifying exposures rather than returns streams that overlapped more with risk factors elsewhere in the portfolio.
- This action will eventually reduce the hedge fund portfolio by approximately 50% and concentrate the exposure to names that are expected to have the most diversifying return streams on a forward-looking basis. **El Camino Health Staff submitted redemption notices for the hedge funds targeted for redemption, and funds are being returned according to predetermined liquidity rules.**

Private Equity Secondary Fund and Venture Capital Commitment

- Meketa recommends that the Investment Committee continue to direct El Camino Health Staff and Meketa Investment Group to evaluate high quality direct private markets partnerships in order to continue to build out exposure, in order to achieve high risk-adjusted returns over time. We plan to update our pacing models using 2026 expectations.

Going Forward

- At the upcoming Investment Committee meetings, agenda items (in addition to regular economic and portfolio positioning discussions) will include:
- Reviewing upgrades and repositioning of public markets strategies, with a goal of controlling costs. Several active manager strategies are currently “on watch” and Meketa’s research team is evaluating them.
 - Presenting private markets pacing studies for consideration, in order to work toward continuing to expand the Alternatives asset class to include a more diverse slate of private markets asset classes.
 - Evaluating the Cash Balance Pension Plan’s asset allocation and investment strategy line-up, with a goal of aligning strategy between the two portfolios.
- We look forward to continuing to undertake overall strategy, investment and diversification of El Camino Health’s portfolios, at the direction of the Investment Committee and with the collaboration of El Camino Health Staff.