



**Minutes of the Open Session of the Joint Meeting  
of the Finance Committee and the Investment Committee  
of the El Camino Hospital Board of Directors  
Monday, October 21, 2019  
El Camino Hospital | Conference Room E  
2500 Grant Road, Mountain View, CA 94040**

**Members Present**

*Finance Committee*

**John Zoglin, Chair**

**Joseph Chow**

**Boyd Faust\*\***

**William Hobbs\*\***

**Richard Juelis**

**Gary Kalbach**

*Investment Committee*

**Nicola Boone**

**Gary Kalbach, Chair**

**Julia E. Miller**

**Brooks Nelson**

**Members Absent**

*Finance Committee*

**Don Watters**

*Investment Committee*

**Jack Po, MD, PhD**

**John Conover**


**\*\*via teleconference**

Agenda Item	Comments/Discussion	Approvals/ Action
1. <b>CALL TO ORDER/ ROLL CALL</b>	The open session of the Joint Meeting of the Finance Committee and Investment Committee of El Camino Hospital was called to order at 5:30pm by Finance Committee Chair John Zoglin. Roll call was taken. Boyd Faust and William Hobbs participated via teleconference. Don Watters, Jack Po, MD, PhD, and John Conover were absent. All other members were present.	
2. <b>POTENTIAL CONFLICT OF INTEREST</b>	Chair Zoglin asked if any Committee members had a conflict of interest with any of the items on the agenda. No conflicts were reported.	
3. <b>PUBLIC COMMUNICATION</b>	There were no comments from the public.	
4. <b>CONSENT CALENDAR</b>	<p>Chair Zoglin asked if any member of the Finance Committee wished to remove an item from the consent calendar.</p> <p><b>Motion:</b> To approve the consent calendar: Minutes of the Open Session of the Finance Committee Meeting (9/23/2019) and for information: Pacing Plan.</p> <p>Pacing Plan: Cindy Murphy, Director of Governance Services, reported that staff would like to move the Maternal Child Health Service Line Report to January along with the SVMD Report, or alternatively to move the SVMD Report to March and HVI Report to April. Chair Zoglin commented that MCH could be moved to January as long as the meeting could still be concluded by 8:00pm, but that extending the Service Line Reports into April would not be acceptable.</p> <p><b>Movant:</b> Kalbach <b>Second:</b> Chow <b>Ayes:</b> Chow, Faust, Hobbs, Juelis, Kalbach, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Watters</p>	<b>Consent Calendar approved.</b>

	<b>Recused:</b> None	
<b>5. REPORT ON BOARD ACTIONS</b>	There were no questions about the report.	
<b>6. PROPOSED HEDGE RELATED TO 2015 REVENUE BONDS AND POSSIBLE NEW ISSUANCE OF DEBT</b>	<p>Iftikhar Hussain, CFO, explained that El Camino Hospital (ECH) is evaluating a hedge to lock interest rates for future refinancing of the 2015 bonds as well as new debt for funding construction projects which will be discussed with the Board in the near future. He reported that interest rates have declined dramatically over the last two months and are near record lows. Mr. Hussain also explained that ECH can lock rates to refund the Series 2015A bonds and achieve interest rate savings when the bonds are callable in 2025, currently \$17 million or 15% of outstanding par. He reported that ECH already has an interest rate swap in place which is the same structure being contemplated today. With interest rates near all-time lows and forward premiums also being at all-time lows ECH can lock in rates today for future needs. No payments would be exchanged until the interest rate swap would become effective at a future which ECH can choose (anywhere from 1 week to 5 years forward). ECH will issue floating rate debt, the same as the Series 2009A bonds. If no future debt is needed or issued, then ECH can terminate the swap at any time and make/receive a payment based on the market at the time of termination.</p> <p>Chad Kenan of CitiGroup reviewed current market conditions, the Municipal Market Condition in historical context, an overview of ECH's current debt (revenue bonds and GO bonds) and the potential risks/benefits of the proposed transactions.</p> <p>The Committee members discussed the risk of "paper losses" of \$40 million on the Series 2015A bonds if interest rates continued to fall over the life of the bonds after a new rate is locked, as well as the likelihood that rates will fall further than the current historically low point. The Committee also discussed whether to recommend the Board approve giving management authority to enter into the hedge transaction with respect to only the Series 2015A Bonds or also with respect to potentially borrowing additional funds for later projects.</p> <p><b>Motion:</b> To recommend that the Board approve Draft Resolution 2019-12 Authorizing Forward Starting Interest Rate Hedge as Drafted (Re-Funding and Future Issuance).</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Hobbs  <b>Ayes:</b> Boone, Chow, Hobbs, Kalbach, Zoglin  <b>Noes:</b> Faust, Juelis, Nelson  <b>Abstentions:</b> Miller  <b>Absent:</b> Conover, Po, Watters  <b>Recused:</b> None</p>	<i>Financials recommended for approval</i>
<b>7. ADJOURN TO CLOSED SESSION</b>	<p><b>Motion:</b> To adjourn to closed session at 7:10pm.</p> <p><b>Movant:</b> Kalbach  <b>Second:</b> Zoglin  <b>Ayes:</b> Boone, Chow, Faust, Hobbs, Juelis, Kalbach, Miller, Nelson, Zoglin  <b>Noes:</b> None  <b>Abstentions:</b> None  <b>Absent:</b> Conover, Po, Watters</p>	<i>Adjourned to closed session at 7:10pm</i>

	<b>Recused:</b> None	
<b>8. AGENDA ITEM 12: RECONVENE OPEN SESSION/ REPORT OUT</b>	The open session reconvened at 7:11pm. Agenda Items 8-11 were covered in closed session. During the closed session, the Finance Committee approved the Minutes of the Closed Session of the Finance Committee (September 23, 2019) by a unanimous vote of all members present (Chow, Faust, Hobbs, Juelis, Kalbach, Zoglin). Mr. Watters was absent.	
<b>9. AGENDA ITEM 13: CLOSING COMMENTS</b>	None.	
<b>10. AGENDA ITEM 14: ADJOURNMENT</b>	<b>Motion:</b> To adjourn at 7:12pm. <b>Movant:</b> Kalbach <b>Second:</b> Juleis <b>Ayes:</b> Boone, Chow, Faust, Hobbs, Juelis, Kalbach, Miller, Nelson, Zoglin <b>Noes:</b> None <b>Abstentions:</b> None <b>Absent:</b> Conover, Po, Watters <b>Recused:</b> None	<i>Meeting adjourned at 7:12pm</i>

**Attest as to the approval of the foregoing minutes by the Finance and Investment Committees of El Camino Hospital:**

  
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John Zoglin  
Chair, Finance Committee

  
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Gary Kalbach  
Chair, Investment Committee