

**AGENDA**  
**SPECIAL MEETING OF THE**  
**EL CAMINO HOSPITAL BOARD OF DIRECTORS**

**Monday, December 16, 2019 – 5:00pm**

El Camino Hospital | Conference Rooms F&G (ground floor)  
 2500 Grant Road Mountain View, CA 94040

Bob Rebitzer will be participating via teleconference from 159 Seale Avenue, Palo Alto, CA 94301.  
 Don Watters will be participating via teleconference from 260 Margarita Court, Los Altos, CA 94022.  
 John Zoglin will be participating via teleconference from 1005 Los Altos Avenue, Los Altos, CA 94024.

**MISSION:** To heal, relieve suffering, and advance wellness as your publicly accountable health partner.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
<b>1. CALL TO ORDER/ROLL CALL</b>	Lanhee Chen, Board Chair		<b>5:00 – 5:01pm</b>
<b>2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES</b>	Lanhee Chen, Board Chair		<b>information 5:01 – 5:02</b>
<b>3. DRAFT REVISED RESOLUTION 2019-12 <a href="#">ATTACHMENT 3</a></b>	Iftikhar Hussain, CFO	<i>public comment</i>	<b>possible motion 5:02 – 5:09</b>
<b>4. ADJOURNMENT</b>	Lanhee Chen, Board Chair	<i>public comment</i>	<b>motion required 5:09 – 5:10pm</b>

**Upcoming Meetings:**

Regular Meetings: February 12, 2020; March 11, 2020; April 15, 2020; May 13, 2020; May 26, 2020\*; June 10, 2020

\*Joint Meeting with Finance Committee

Education Sessions: April 22, 2020

**EL CAMINO HOSPITAL BOARD OF DIRECTORS  
BOARD MEETING COVER MEMO**

**To:** El Camino Hospital Board of Directors  
**From:** Iftikhar Hussain, Chief Financial Officer  
**Date:** December 16, 2019  
**Subject:** Revision to the Interest Rate Hedge Resolution

**Recommendation:**

To approve revisions to Resolution 2019-12 (interest rate hedge resolution).

**Summary:**

1. **Situation:** The Investment and Finance Committees reviewed the interest rate hedge proposal and recommended that the Board approve the interest rate hedge resolution, and on November 6, 2019 the Board approved Resolution 2019-12. In the diligence process, the legal team and the independent registered municipal advisor have suggested changes shown in the attached red line document.
2. **Authority:** Board approval is required for transactions exceeding \$1 million.
3. **Background:**  
  
The changes consist of:
  - A. Updating the 2015 bond amount from par value to the estimated balance at the time of the refunding; and
  - B. Changing the term net fixed interest to fixed swap rate since the net fixed interest has some elements that may change when the debt is issued.
4. **Other Reviews:** The Finance Committee reviewed and voted to recommend approval of these revisions at its November 25, 2019 meeting.

**List of Attachments:**

1. Redlined version of the revised resolution
2. Clean version of the resolution

REVISED RESOLUTION 2019-12

EL CAMINO HOSPITAL

RESOLUTION OF THE BOARD OF DIRECTORS

AUTHORIZATION OF FORWARD STARTING INTEREST RATE HEDGE

~~NOVEMBER-DECEMBER~~\_\_\_\_, 2019

Background:

In presentations made on ~~November-December~~\_\_\_\_, 2019, the Board of Directors of El Camino Hospital (the "Corporation") has received information from the Corporation's investment banker and management regarding plans to obtain long-term financing for costs of the Corporation's major facilities renovation and replacement projects; such financing will be in addition to the funds to be provided from the proceeds of an issue of general obligation bonds. The proposed plan of finance presented consists of the borrowing of the proceeds of the sale of revenue bonds in total principal amount of approximately \$150 million, to be issued and sold by a conduit governmental issuer, plus interest and costs, and approximately ~~\$165-125~~ million, for the potential refunding of the California Health Facilities Financing Authority Revenue Bonds (El Camino Hospital), Series 2015A, plus interest and costs (together, the "Revenue Bonds"). The proposed plan of finance contemplates one or more non-qualified "forward starting swaps" to manage the risk of increase in interest rates prior to and after the issuance and refunding of the Revenue Bonds (the "Swaps"). The information presented to this ~~B~~board includes, among other matters, data regarding historical and projected long-term tax-exempt interest rates, ~~information provided by the Corporation's financial advisor~~, the timeline for implementing the Swaps, and information outlining next steps for the implementation of the Swaps.

The purpose of this resolution is to approve the execution of the Swaps and to authorize the Chief Executive Officer and Chief Financial Officer (each an "Authorized Officer") (i) to finalize the terms of the Swaps ~~and~~ (ii) to enter into an ISDA Master Agreement with Citibank, N.A., a Schedule, a Credit Support Annex, one or more Confirmations, and (iii) to issue obligations under the Master Trust Indenture and all documents and agreements necessary or appropriate to properly issue such an obligation (together, the "Swap Agreements") in such form and with such terms as shall be acceptable to the Authorized Officer executing the Swap Agreements.

Accordingly, in reliance on the foregoing, it is hereby

RESOLVED: That it is in the best interest of the Corporation to enter into the Swap Agreements for the purpose of managing the risk of interest rate changes and not for investment or speculation; that each Authorized Officer is authorized, acting singly, with the advice of the Corporation's ~~financial-independent registered municipal~~ advisor, to agree to or set the notional amounts, trade date, effective date or dates, termination date or dates, payment dates, fixed and floating rates in order to achieve ~~a net interest cost~~fixed swap rate of not more than two percent (2.00%), optional termination provisions and methods of determining the optional termination

payment amount, collateralization and other security requirements, and other terms; and that each Authorized Officer is authorized, in the name and on behalf of the Corporation, to execute and deliver the agreements, certificates, instruments and other documents that he or she may in his or her discretion determine to be necessary or advisable to carry out the intent of this resolution, including, without limitation, such documents as shall be necessary or appropriate to issue an obligation under the Master Indenture, execution thereof to be conclusive as to such determination and the approval of the terms thereof by the Corporation.

RESOLVED: That the authority granted to the Authorized Officers to enter into the Swaps shall expire one hundred eighty (180) days from the date of this resolution if unexercised.

Duly passed and adopted at a regular meeting held on this \_\_\_\_ day of December 2019, by the following votes:

AYES:

NOES:

ABSENT:

ABSTAIN:

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Julia E. Miller  
Secretary, El Camino Hospital  
Board of Directors

REVISED RESOLUTION 2019-12

EL CAMINO HOSPITAL

RESOLUTION OF THE BOARD OF DIRECTORS

AUTHORIZATION OF FORWARD STARTING INTEREST RATE HEDGE

DECEMBER \_\_\_\_, 2019

Background:

In presentations made on December \_\_\_\_, 2019, the Board of Directors of El Camino Hospital (the "Corporation") has received information from the Corporation's investment banker and management regarding plans to obtain long-term financing for costs of the Corporation's major facilities renovation and replacement projects; such financing will be in addition to the funds to be provided from the proceeds of an issue of general obligation bonds. The proposed plan of finance presented consists of the borrowing of the proceeds of the sale of revenue bonds in total principal amount of approximately \$150 million, to be issued and sold by a conduit governmental issuer, plus interest and costs, and approximately \$125 million, for the potential refunding of the California Health Facilities Financing Authority Revenue Bonds (El Camino Hospital), Series 2015A, plus interest and costs (together, the "Revenue Bonds"). The proposed plan of finance contemplates one or more non-qualified "forward starting swaps" to manage the risk of increase in interest rates prior to and after the issuance and refunding of the Revenue Bonds (the "Swaps"). The information presented to this Board includes, among other matters, data regarding historical and projected long-term tax-exempt interest rates, the timeline for implementing the Swaps, and information outlining next steps for the implementation of the Swaps.

The purpose of this resolution is to approve the execution of the Swaps and to authorize the Chief Executive Officer and Chief Financial Officer (each an "Authorized Officer") (i) to finalize the terms of the Swaps, (ii) to enter into an ISDA Master Agreement with Citibank, N.A., a Schedule, a Credit Support Annex, one or more Confirmations, and (iii) to issue obligations under the Master Trust Indenture and all documents and agreements necessary or appropriate to properly issue such an obligation (together, the "Swap Agreements") in such form and with such terms as shall be acceptable to the Authorized Officer executing the Swap Agreements.

Accordingly, in reliance on the foregoing, it is hereby

RESOLVED: That it is in the best interest of the Corporation to enter into the Swap Agreements for the purpose of managing the risk of interest rate changes and not for investment or speculation; that each Authorized Officer is authorized, acting singly, with the advice of the Corporation's independent registered municipal advisor, to agree to or set the notional amounts, trade date, effective date or dates, termination date or dates, payment dates, fixed and floating rates in order to achieve fixed swap rate of not more than two percent (2.00%), optional termination provisions and methods of determining the optional termination payment amount,

collateralization and other security requirements, and other terms; and that each Authorized Officer is authorized, in the name and on behalf of the Corporation, to execute and deliver the agreements, certificates, instruments and other documents that he or she may in his or her discretion determine to be necessary or advisable to carry out the intent of this resolution, including, without limitation, such documents as shall be necessary or appropriate to issue an obligation under the Master Indenture, execution thereof to be conclusive as to such determination and the approval of the terms thereof by the Corporation.

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AYES:

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ABSENT:

ABSTAIN:

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Julia E. Miller  
Secretary, El Camino Hospital  
Board of Directors