



**AGENDA
SPECIAL MEETING OF THE
EL CAMINO HEALTHCARE DISTRICT
BOARD OF DIRECTORS**

Wednesday, August 10, 2016 – 6:00 pm

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

PURPOSE: The purpose of the District shall be (i) to establish, maintain and operate, or provide assistance in the operation of, one or more health facilities (as that term is defined in California Health and Safety Code Section 1250) or health services at any location within or without the territorial limits of the District, for the benefit of the District and the people served by the District; (ii) to acquire, maintain and operate ambulances or ambulance services within or without the District; (iii) to establish, maintain and operate, or provide assistance in the operation of free clinics, diagnostic and testing centers, health education programs, wellness and prevention programs, rehabilitation, aftercare, and such other health care services provider, groups, and organizations that are necessary for the maintenance of good physical and mental health in the communities served by the District; and (iv) to do any and all other acts and things necessary to carry out the provisions of the District's Bylaws and the Local Health District Law.

AGENDA ITEM	PRESENTED BY		ESTIMATED TIMES
1. CALL TO ORDER/ROLL CALL	Peter Fung, MD, Board Chair		6:00 – 6:01 pm
2. POTENTIAL CONFLICT OF INTEREST DISCLOSURES	Peter Fung, MD, Board Chair		6:01 – 6:02
3. PUBLIC COMMUNICATION a. Oral Comments <i>This opportunity is provided for persons in the audience to make a brief statement, not to exceed 3 minutes on issues or concerns not covered by the agenda.</i> b. Written Correspondence	Peter Fung, MD, Board Chair		information 6:02 – 6:05
4. PROPOSED REFINANCING OF THE DISTRICT'S 2006 GENERAL OBLIGATION BONDS/ AUTHORIZATION OF PROVISION OF NOTICE ATTACHMENT 4	Iftikhar Hussain, CFO		information 6:05 – 6:15
5. APPROVAL OF EXPENDITURES FOR CAMPUS DEVELOPMENT PROJECTS ATTACHMENT 5	Ken King, Chief Administrative Services Officer	<i>public comment</i>	motion required 6:15 – 6:37
6. ADJOURNMENT	Peter Fung, MD, Board Chair		motion required 6:37- 6:38 pm

A copy of the agenda for the Regular 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 650-988-7504 prior to the meeting so that we may provide the agenda in alternative formats or make disability-related modifications and accommodations.

ATTACHMENT 4

August 10, 2016

2016 Bond Financing Plan



Executive Summary

- Interest rates have remained very favorable for ECH to access the capital markets
 - Long-term yields are near historical lows
 - Municipal demand continues to outpace supply
- ECH can take advantage of attractive market conditions and scale of economies to efficiently raise new money, preserve liquidity and reduce the District tax levy
- Series 2016 Plan of Finance will include dual tracking financings:
 - New Money Revenue Bonds: fund \$270 million of tax-exempt projects
 - Opportunity to reduce interest cost on Series 2006 General Obligation Bonds : \$93 million
 - Est. Gross Savings over life of the bonds: \$21.5 million will be passed to the district property owners
- Timing Considerations
 - FY2016 Audit available mid-September
 - Board Meetings in October
- FY 2017 Hospital budget will be revised. No change to EBITDA but operating margin will be lower due to interest expense

Plan of Finance Overview

**Series 2016 New Money
(Revenue Bonds)**

- The working group has identified tax-exempt eligible projects at the facilities
 - North Parking Garage Expansion
 - Behavioral Health Building
 - Integrated MOB
 - 50% of the MOB will be eligible for tax-exempt financing
 - Women’s Hospital Expansion
 - CUP Upgrades
- Current estimate of tax-exempt eligible projects is up to \$270 million over the next 3 years
- Goal is to lock-in low cost of capital at minimal risk

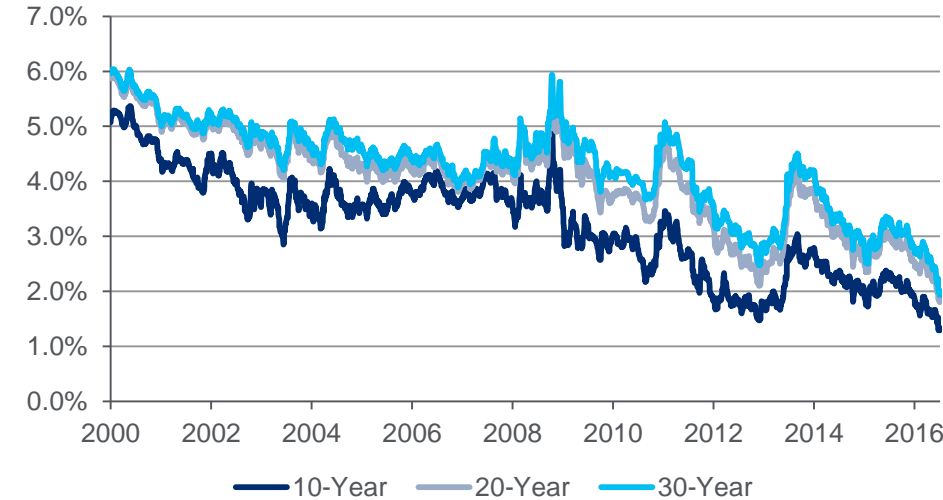
**Series 2006
(General Obligation Bonds)**

- Fixed rate Current Interest Bonds (“CIBs”), callable February 2017
- CIBs are 100% advance refundable
- Refunding produces substantial savings to tax payers in the District
 - Total tax rate reduction for property owners.
 - Gross Savings: \$21.5 million

Tax-Exempt Market Fundamentals are Strong

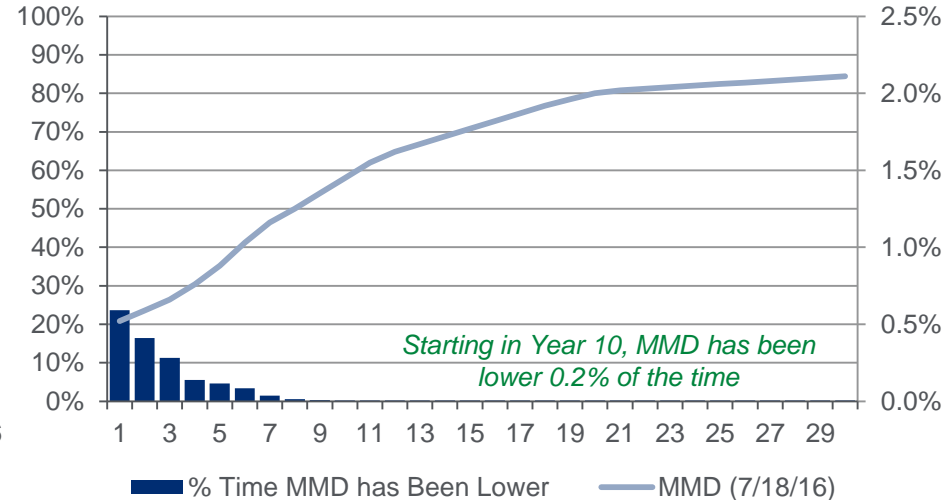
Municipal Rates¹

Over the last decade, MMD has decreased dramatically



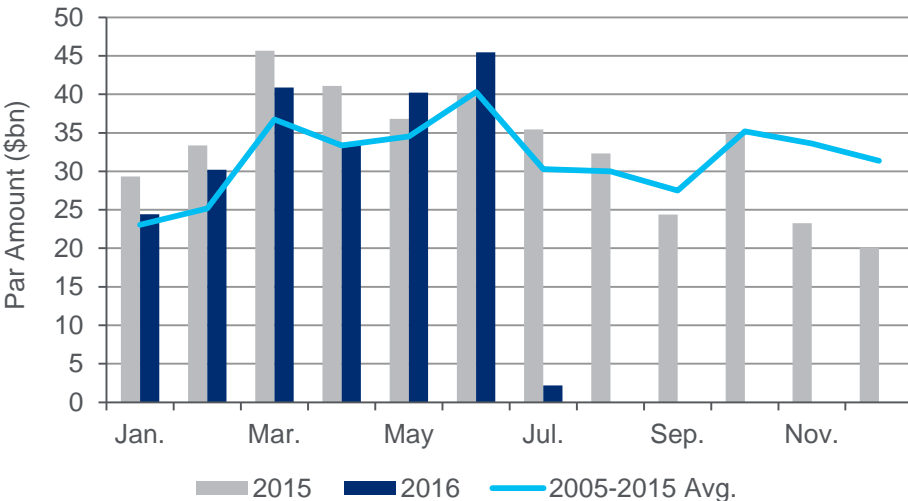
Municipal Rates Are Near Historical Lows²

Intermediate and long-term rates are close to 30-year lows



Supply YTD³

Year-to-date supply has been robust



Demand – Mutual Fund Flows⁴

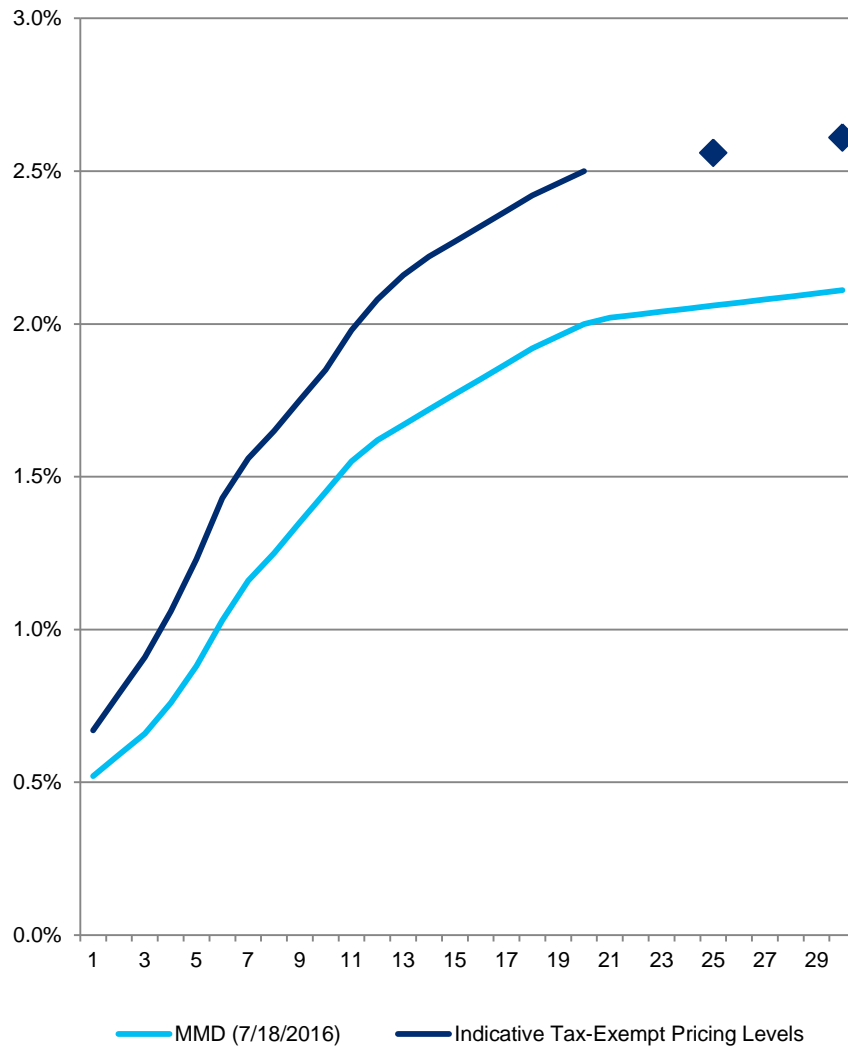
Demand has outpaced supply; 40 consecutive weeks of inflows



1. Thomson Reuters, rates as of July 14, 2016; 2. Historical comparison from 1986 – 2016; 3. SDC, includes private placements, excludes notes; 4. AMG fund flows as of July 6, 2016.

Indicative ECH Revenue Bond Borrowing Cost Estimates

Tax-Exempt (10-year Par Call)



	A	B	A + B = C
Term	MMD (7/18/16)	Spread	Pricing Yield
1	0.52%	0.15%	0.67%
2	0.59%	0.20%	0.79%
3	0.66%	0.25%	0.91%
4	0.76%	0.30%	1.06%
5	0.88%	0.35%	1.23%
6	1.03%	0.40%	1.43%
7	1.16%	0.40%	1.56%
8	1.25%	0.40%	1.65%
9	1.35%	0.40%	1.75%
10	1.45%	0.40%	1.85%
11	1.55%	0.43%	1.98%
12	1.62%	0.46%	2.08%
13	1.67%	0.49%	2.16%
14	1.72%	0.50%	2.22%
15	1.77%	0.50%	2.27%
20	2.00%	0.50%	2.50%
25	2.06%	0.50%	2.56%
30	2.11%	0.50%	2.61%

Refunding of Series 2006 GO Bonds

A refunding of ECH's Series 2006 Current Interest Bonds ("CIBs") is currently estimated to generate \$17.4 million of savings, or 17.2% of refunded par.

- Bonds are callable February 2017
- CIBs are 100% eligible for advance refunding
- **Consider refinancing CIBs in 2016**

Summary Statistics - Current Market

Delivery Date	11/1/2016
All-In TIC	2.89%
Average Coupon of Refunding Bonds	3.97%
Average Coupon of Refunded Bonds	4.43%
Par Amount of Refunding Bonds	\$92,515,000
Par Amount of Refunded Bonds	101,460,000
Average Life of Refunding Bonds (years)	14.30
Average Life of Refunded Bonds (years)	14.24
Net PV Savings	17,452,933
Percentage Savings of Refunded Bonds	17.20%
Negative Arbitrage	481,415

Sensitivity Analysis

If rates increase by 25bps, Series 2006 bonds generate 14.9% of PV Savings

If rates decrease by 25bps, Series 2006 generate 19.6% of PV Savings

Series 2016 Financing Timeline – Key Dates

• Finance Committee Meeting (August 1st)

• ECH Hospital Board Meeting (October 12th)

• ECH District Board Meeting (October 18th)

• CHFFA Meeting (October 20th)

• Investor Call (Week of October 24th)

• Pricing / Execute BPA (Week of October 24th)*

• Closing (Week of November 7th)*

*Subject to Change

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ATTACHMENT 5



2500 Grant Road
Mountain View, CA 94040
Phone: 650-940-7300
www.elcaminohealthcaredistrict.org

Date: August 3, 2016
To: El Camino Healthcare District Board of Directors
From: Ken King, Chief Administrative Services Officer,
El Camino Hospital
Re: Capital Expenditure Approval

BOARD OF DIRECTORS

*Dennis W. Chiu, JD
Peter C. Fung, MD
Julia E. Miller
David Reeder
John L. Zoglin*

On June 14, 2016, the El Camino Healthcare District Board approved the Mountain View Campus Development Project Plans for the projects listed below:

- North Parking Garage Expansion
- **Behavioral Health Services Building**
- **Integrated Medical Office Building & Parking Structure**
- Central Utility Plant Upgrades
- Women's Hospital Expansion
- Demolition of Old Main Hospital and Related Site Work

As required in the Bylaws of the El Camino Hospital Corporation, the El Camino Healthcare District is requested to approve the capital expenditures for two of the projects that exceed \$25 million. Approval is requested for the Behavioral Health Services Building at a cost not to exceed \$91.5 million and for the Integrated Medical Office Building & Parking Structure at a cost not to exceed \$275 million.

Background: The Bylaws of the El Camino Hospital Corporation requires that the El Camino Healthcare District approve capital expenditures that exceed \$25 million in a single transaction. Both contracts for construction of the Behavioral Health Services Building and the Integrated Medical Office Building are in excess of \$25 million.

The total project cost breakdown is indicated below:

	Construction Costs	Soft Costs	FF&E	Contingency	Total Project Cost
Behavioral Health Building	65,935,853	14,564,593	4,184,083	6,815,471	91,500,000
Integrated Medical Office Building	211,276,075	33,400,284	17,140,605	13,183,036	275,000,000

The plan of finance for these and other Campus Development projects includes the use of the Hospital's cash reserves, revenue bonds up to \$270 million, a yet undetermined amount of philanthropic funds, and the El Camino Healthcare District Capital Appropriation Fund of \$14.3 million for the Behavioral Health Services Building.

It is anticipated that the El Camino Hospital Corporation Board will provide their approval of these capital expenditures prior to the Healthcare District's consideration.

Recommended Action: Approve the Capital Expenditures to be expended by the El Camino Hospital Corporation not to exceed \$91.5 million for the Behavioral Health Services Building and not to exceed \$275 million for the Integrated Medical Office Building.

Dedicated to improving the health and well-being of the people in our community.