Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on November 21, 2006 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, New Jersey.

The following **Authority Members** were in attendance:
Fred M. Jacobs, Commissioner of Health and Senior Services (Chair); Gus Escher, Public Member; Moshe Cohen, Public Member; Thom Jackson, Public Member; Freida Phillips, Designee of the Commissioner of Human Services; Maryann Kralik, Designee of the Commissioner of Banking and Insurance; and Edward Tetelman, regular Designee of the Commissioner of Health and Senior Services (voting on Dr. Jacobs behalf upon his exit).

The following **Authority staff members** were in attendance:
Mark Hopkins, Dennis Hancock, Jim Van Wart, Steve Fillebrown, Michael Ittleson, Suzanne Walton, Susan Tonry, Ron Marmelstein, Bill McLaughlin, Lou George, Carole Conover, and Stephanie Bilovsky.

The following **representatives from State offices and/or the public** were in attendance:
John Dellocono, Deborah Connors, CentraState Medical Center; Kari Fazio, Wachovia Bank; Bernard Davis, Wolff & Samson; John Draikiwicz, Gibbons, Del Deo, Dolan, Griffinger & Vecchione; John Calandriello, Saint Peter's University Hospital; Paul Dabrowski, Trinitas Hospital; Daniel Deets, Deb Hoskins, Hunterdon Medical Center; John Gates, Charles Bickel, Jack Newsome, Cooper University Hospital; Kay Fern, Evergreen Financial; Michael Englert, AIG; Cheryl Cohen, Pantheon Capital; Terrence Dermody, Business and Governmental Insurance Agency; Don Parseghian, Jersey City Medical Center; Brian O'Neill, Somerset Medical Center; Jim Fearon, GluckWalrath; Brad Barkus, Morgan Stanley; Kent Pieri, Sovereign Bank; Gary Walsh, Windels, Marx, Lane & Mittendorf; David Stephan, UBS Securities; Victor Radina, Citigroup; Christopher Langhart, McManimon & Scotland; Michael Marcus, Goldman Sachs & Co.; Scott Kobler, McCarter & English; Sharon Price-Cates, Governor's Authorities Unit; Thomas Papa, Treasury; and, Clifford T. Rones, Deputy Attorney General.

CALL TO ORDER

Chairman Commissioner Fred M. Jacobs called the meeting to order at 10:08 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 25, 2006 Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, notice of this meeting was delivered to all newspapers with mailboxes at the Statehouse, including *The Star-Ledger* and the *Courier Post,* enough in advance to permit the publication of an announcement at least 48 hours before the meeting.

APPROVAL OF MINUTES
October 26, 2006 Authority Meeting

The minutes for the Authority's October 26, 2006 meeting were distributed for review and approval. Mr. Escher offered a motion to approve the minutes; Ms. Phillips seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried and the minutes were approved.

TEFRA HEARING AND CONTINGENT BOND SALES

Dr. Jacobs announced that, as required by the Tax Reform Act of 1986, the following portion of today's meeting will be considered a public hearing in connection with the Authority's CentraState Medical Center, Hunterdon Medical Center, and Saint Barnabas Health Care System transactions. As a public hearing, he welcomed everyone to participate in the discussions on the transactions.

A. CentraState Medical Center, Series 2006 A and 2006B

Suzanne Walton introduced John Dellocono, Senior Vice President of Finance for CentraState Medical Center ("CentraState"). Ms. Walton indicated that CentraState requests a contingent sale of Bonds on behalf in two series, the Series 2006A Revenue Bonds (Tax-exempt) and the Series 2006B Revenue Bonds (Federally Taxable), in an aggregate amount of approximately $80 million.

The proceeds of the Series 2006 bond issues will be used to (i) finance a portion of the construction of an ambulatory care center (comprised of a three-story outpatient facility, including various Medical Center programs, independent physician offices, an independent pharmacy, a health awareness center and a medical fitness facility) attached to CentraState Medical Center at ground level, including a connecting corridor that ties to the CentraState Medical Center lobby, site work, surface parking and the redesign and relocation of site utilities; (ii) refinance an existing commercial loan, the proceeds of which were used to renovate and expand CentraState Medical Center's Emergency Care Area; (iii) finance routine capital expenditures for the years 2006 through 2009; (iv) fund a debt service reserve fund, and (v) pay the costs of issuance incurred in connection with the bond sale, including bond insurance premiums.

Ms. Walton indicated that both series of bonds will be credit-enhanced by a bond insurance policy provided by Assured Guaranty Corporation. The Series 2006A Bonds will be sold as fixed rate securities and will total approximately $45 million. The Series 2006B Bonds, totaling approximately $35 million, will be issued in a multi-modal form, to provide CentraState some flexibility to react to changes in the interest rate market. The modes consist of a daily, weekly, short-term, long-term or fixed rate and an auction rate. The auction rate securities can be issued in 7-day, 28-day, and 35-day periods and are issued in $25,000 minimum denominations.

CentraState would initially like to issue the bonds in the auction rate mode for a 7-day period. The documents allow for a conversion from one mode to another, subject to certain conditions including an opinion from bond counsel. Should CentraState request a conversion to a mode other than an auction rate, a liquidity facility would be required. Upon conversion, all outstanding bonds would be tendered and new bonds issued.

Ms. Walton noted that, when bonds are outstanding in the auction rate mode, a broker-dealer is needed to solicit orders and bids on the bonds. The broker-dealer provides the information to an auction agent who determines a rate for the upcoming period and then allocates the bonds. For CentraState's transaction, UBS Financial Services Inc. will serve as Broker-Dealer and Deutsche Bank Trust Company Americas will act as the Auction Agent. If, at some future date, the borrower should elect to convert the outstanding bonds to a variable rate mode, a remarketing agent would need to be appointed.

CentraState has Series 1998 Revenue Bonds outstanding that are insured by Ambac Assurance Guaranty. Prior to issuing the 2006 Bonds, CentraState is required to get Ambac's consent. Ambac consents to the issuance of the Series 2006 bonds provided that certain provisions of the 2006 Bonds are applied to the 1998 Bonds for as long as the Bonds are outstanding. Bond counsel has incorporated language in the 2006 bond documents to extend these provisions to the 1998 bonds. Additionally, Ambac is requiring an amendment to the existing 1998 Series Resolution as a condition to their consent. Ms. Walton indicated that she would outline the condition that requires an Amendment to the 1998 Series Resolution following bond counsel's summary of the Resolutions and the Contingent Sale vote.

The Series Resolution and Bond Resolution, which include the specific contingencies relating to their approval, had been distributed to the Members in advance of the meeting and were presented for approval by the Authority Members. Mr. Escher moved that the Members' adopt the Series Resolution approving the issuance of the tax-exempt Series 2006A Bonds on behalf of CentraState. Mr. Escher moved that the documents be approved. Ms. Phillips seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-44

NOW, THEREFORE, BE IT RESOLVED, That the Authority hereby approves the Series Resolution entitled, SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS, CENTRASTATE MEDICAL CENTER ISSUE, SERIES 2006A.

Dr. Jacobs then asked the Members' pleasure with respect to the adoption of the Bond Resolution approving the issuance of the federally taxable Series 2006B Bonds on behalf of CentraState. Mr. Escher moved that the documents be approved. Ms. Phillips seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-45

NOW, THEREFORE, BE IT RESOLVED, That the Authority hereby approves the Bond Resolution entitled, A RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS, CENTRASTATE MEDICAL CENTER ISSUE, SERIES 2006B (FEDERALLY TAXABLE).

<u>AMENDMENT TO THE CENTRASTATE 1998 SERIES RESOLUTION</u>

Ms. Walton stated that in November of 1998, the Authority issued bonds on behalf of the CentraState Medical Center Obligated Group in the amount of approximately $61.2 million. At the time of issuance, a debt service reserve fund was not created; however, the occurrence of certain events in the future would require the funding of a debt service reserve. Those conditions triggering the funding would be: a failure to achieve either a Cushion Ratio of at least 2.00, or a Debt Service Coverage Ratio of at least 1.35.

As a condition to their consent to the issuance of the Series 2006 Bonds, Ambac requires that the conditions triggering the funding of a debt service reserve be modified to include the failure of any test that triggers the hiring of a consultant under the terms of the Series 2006 Bonds. Once funded the debt service reserve fund will remain fully funded for the life of the 1998 Bonds.

Mr. Escher made a motion to approve the Supplemental Resolution, amending the 1998 Series Resolution to add a Consultant Call as an event that would trigger the funding of a debt service reserve fund. Ms. Phillips seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. GG-46

NOW, THEREFORE, BE IT RESOLVED, That the Authority hereby approves the *(attached)* SUPPLEMENTAL RESOLUTION AMENDING THE "SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS, CENTRASTATE MEDICAL CENTER OBLIGATED GROUP ISSUE, SERIES 1998" ADOPTED ON SEPTEMBER 25, 1998.

CO-MANAGERS

Mr. Hopkins reminded the Members that the Authority's policy states, "The Authority reserves the right to select firm(s), from its qualified list, to serve as co-managing underwriter(s) for its financings. Co-manager(s) will be selected by the Authority, based on demonstrated ability to distribute New Jersey securities of comparable credit quality, sufficient capital to participate in underwriting the issue, and borrower preference(s)." CentraState's transaction is anticipated to have a series of fixed rate tax-exempt bonds in the approximate amount of $45 million, with UBS Securities, LLC serving as the senior managing underwriter. Staff believes two co-managers will be sufficient for CentraState's 2006 series of bonds, and CentraState requested that Wachovia and JPMorgan Chase be selected for this service.

Because Wachovia and JPMorgan Chase are (i) on the Authority's qualified list, (ii) have demonstrated their ability to distribute New Jersey securities of comparable credit quality, (iii) have sufficient capital to participate in underwriting the issue, and (iv) are reflect the borrower's preference, staff recommended that these two firms be named co-managers for the bonds. Mr. Escher moved to approve the recommendation. Dr. Cohen seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-47

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby appoints Wachovia Securities and JPMorgan Chase to serve as co-managers for the CentraState Medical Center transaction.

TRANSMITTAL TO THE GOVERNOR

Upon a motion made by Mr. Escher, seconded by Ms. Phillips, the Assistant Secretary was authorized, through a unanimous vote, to execute a certified copy of the minutes of this portion of the meeting and forward them to the Governor with a recommendation that he approve all actions taken by the Authority with respect to the issuance and sale of its Revenue Bonds, CentraState Medical Center.

Dr. Jacobs congratulated CentraState on the sale approval, and Mr. Dellocono thanked the Authority staff for their help in getting the project approved.

B. Hunterdon Medical Center Issue, Series 2006B

Bill McLaughlin introduced Daniel J. Deets, Chief Financial Officer and Deborah Hoskins, Director of Finance for Hunterdon Medical Center. Mr. McLaughlin then stated that Hunterdon Medical Center ("Hunterdon") was requesting the Members' approval of a contingent sale of bonds.

He said that the proceeds of 2006B Bonds will be used to: fund the construction and equipping of a new health and wellness center located in Clinton, New Jersey; purchase capital equipment; and, fund the Debt Service Reserve, capitalized interest and related costs of issuance.

Mr. McLaughlin stated that the Series 2006B bonds will be sold as fixed rate public offerings rated solely on the basis of Hunterdon's credit. The Series 2006B bonds are expected to be rated "A-" by Standard & Poor's Corporation and "A" by Fitch Ratings. Mr. McLaughlin stated that staff reviewed projections for this transaction, which are updates for those provided by the Medical Center during the presentations for the 2006A bonds and have found that the updated projections are not materially different from the projections provided to the members at that time.

SERIES RESOLUTION

John Draikiwicz of Gibbons, Del Deo, Dolan, Griffinger & Vecchione, PC stated that the Series 2006B Resolution authorizes the issuance of the tax-exempt Series 2006B Bonds in an aggregate principal amount, exclusive of original discount, not in excess of $25,000,000 and at a fixed interest rate, with the maximum rate at 6.00%. The bonds will have a final maturity date of no later than July 1, 2036 and be subject to redemption prior to maturity as set forth therein, provided, that the redemption price would be no greater than 105%. The bonds will be secured by payments made by Hunterdon under the First Supplement to Loan Agreement, as evidenced and secured by a Note issued pursuant to the provisions of a Master Trust Indenture and Third Supplemental Indenture and by a First Modification of Mortgage and Security Agreement on certain property pledged by Hunterdon. In addition, certain funds and accounts established pursuant to the Authority's Resolutions will serve as additional security.

Additionally, the Series Resolution approves the form of and authorizes the execution of a Bond Purchase Contract prior to close of business on February 22, 2007. The Series Resolution also approves the form of the Bonds, Preliminary Official Statement, Official Statement and First Supplement to Loan Agreement. The Series Resolution appoints U.S. Bank, National Association as Bond Trustee, Paying Agent and Bond Registrar for the Bonds. In addition, it authorizes the Authorized Officers to execute and deliver such other documents and to take such other action as may be necessary or appropriate to effectuate the execution and delivery of the Bond Purchase Contract and the First Supplement to Loan Agreement and the issuance and sale of the Series 2006B Bonds.

Dr. Jacobs asked the Members' pleasure with respect to the adoption of the Series Resolution. Mr. Escher moved that the document be approved. Ms. Phillips seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-48

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Series Resolution entitled, "A RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS, HUNTERDON MEDICAL CENTER ISSUE, SERIES 2006B."

TRANSMITTAL TO THE GOVERNOR

Upon a motion made by Mr. Escher, seconded by Ms. Phillips, the Assistant Secretary was authorized, through a unanimous vote, to execute a certified copy of the minutes of this portion of the meeting and forward them to the Governor with a recommendation that he approve all actions taken by the Authority with respect to the issuance and sale of its Revenue Bonds, Hunterdon Medical Center Issue, Series 2006B.

Dr. Jacobs congratulated Hunterdon on the sale approval, and Mr. Deets thanked the Authority staff for their help in developing the financing. At this point, Mr. Jackson entered the meeting.

C. Saint Barnabas Health Care System Issue, Series 2006A and 2006B

Thomas Scott, Vice President of Corporate Financial Services of the Saint Barnabas Health Care System was introduced. Lou George stated that the Saint Barnabas Health Care System was asking the Members to consider a contingent sale of two series of bonds in an aggregate principal amount not to exceed $250 million.

The Series 2006A bonds will be issued as current interest bonds and yield proceeds not in excess of $125 million. The Series 2006B bonds will be issued as capital appreciation bonds to also yield proceeds not in excess of $125 million. Both series of bonds will be limited to a true interest cost not in excess of 6.5% and a final maturity of no later than July 1, 2041. The proceeds of both series of bonds would be used for: 1) construction and renovation projects at Clara Maass Medical Center, Community Medical Center, and Newark Beth Israel Medical Center; 2) equipment purchases at these facilities, 3) refinancing of approximately $163.7 million of the System's outstanding indebtedness, 4) funding a debt service reserve fund, and 5) paying the related costs of issuance.

Mr. George stated that, as had been indicated at a previous informational presentation, the objective of the financing is to reduce the System's maximum annual debt service. This is accomplished by both the refinancing and extension of the maturities of the new debt to the allowable useful lives of the assets. In addition, the System is contributing approximately $100 million of equity towards the restructuring of the System's debt. Based upon a recent analysis, there is a net increase of approximately $36 million to the System's outstanding indebtedness as a result of this transaction.

Non-credit-enhanced, this transaction will be rated on the credit of the System, which has ratings of BBB/Baa2/BBB from S&P, Moodys and Fitch respectively. Also, in keeping with the Authority policy, the Authority will obtain a mortgage on the System's flagship facility Saint Barnabas Medical Center, which maintains an insurable interest in excess of the anticipated bond issuance.

SERIES RESOLUTION

Bernard Davis, Esq., of Wolff & Samson stated that the Series Resolution authorizes the issuance of the tax-exempt Series 2006A and Series 2006B bonds in principal amounts and at interest rates as described by Mr. George. The redemption price of the Series 2006A bonds are established at a price not to exceed 102% of the principal of the bonds and the redemption price of the Series 2006B bonds is established at a price not to exceed 104% of the accreted value of the bonds. The Series 2006A and 2006B bonds will be secured by promissory notes of Saint Barnabas Corporation issued pursuant to a Master Trust Indenture and an Eighth Supplemental Indenture. The Notes issued under the Master Trust Indenture will be secured by a pledge of the gross receipts of the members of the Saint Barnabas Health Care System, which are members of the Obligated Group. In addition, the System will provide a mortgage to the Master Trustee on the Saint Barnabas Hospital facility located on Short Hills Road in West Orange, New Jersey.

The Series Resolution also approves the form of, and authorizes the execution and delivery of, the Bonds, Preliminary Official Statement, Official Statement, Loan Agreement, Letters of Instruction for the refunding of the bonds to be refunded, Bond Purchase Contract and Assignment of the Loan Agreement and such other documents as are necessary to effectuate the financing. Further, the Series Resolution appoints U.S. Bank National Association as Trustee, Registrar, and Paying Agent for the Bonds.

As a point of interest, Dr. Jacobs clarified that Saint Barnabas' main hospital facility is located in Livingston, New Jersey.

Dr. Jacobs asked the Members' pleasure with respect to the adoption of the Series Resolution. Mr. Escher moved that the document be approved. Mr. Jackson seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-49

NOW, THEREFORE, BE IT RESOLVED, That the Authority hereby approves the Series Resolution entitled, "A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS, SAINT BARNABAS HEALTH CARE SYSTEM ISSUE, SERIES 2006A AND SERIES 2006B"

CO-MANAGERS

Mr. Hopkins restated that the Saint Barnabas Corporation transaction is anticipated to total approximately $200 million, issued in two series of fixed rate bonds. The Authority staff recommends four co-managers for a financing of this size. Saint Barnabas has requested that The GMS Group, L.L.C. and Wachovia Securities be considered as co-managers for the bonds. To complement Citigroup Global Markets, Inc. as the senior managing underwriter and the requested co-managers, staff recommends adding Bear Stearns and Sterne, Agee & Leach Group, Inc. as co-managers.

Because Bear Stearns, The GMS Group, L.L.C., Sterne, Agee & Leach Group, Inc. and Wachovia Securities are (i) on the Authority's qualified list, (ii) have demonstrated their ability to distribute New Jersey securities of comparable credit quality, (iii) have sufficient capital to participate in underwriting the issue, and (iv) reflect the borrower's preference, staff recommended that these four firms be named co-managers for the bonds. Dr. Cohen moved to approve the recommendation. Mr. Jackson seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-50

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby appoints Bear Stearns, The GMS Group, L.L.C., Sterne, Agee & Leach Group, Inc. and Wachovia Securities to serve as co-managers for the Saint Barnabas Health Care System transaction.

TRANSMITTAL TO THE GOVERNOR

Upon a motion made by Mr. Escher, seconded by Ms. Kralik, the Assistant Secretary was authorized, through a unanimous vote, to execute a certified copy of the minutes of this portion of the meeting and forward them to the Governor with a recommendation that he approve all actions taken by the Authority with respect to the issuance and sale of its Revenue Bonds, Saint Barnabas Health Care System Issue, Series 2006A and Series 2006B.

Dr. Jacobs congratulated Saint Barnabas on the sale approval. Mr. Scott thanked the Authority Members, staff and the financial professionals for their help in accomplishing the transaction. Dr. Jacobs then closed the public hearing required by the Tax Reform Act of 1986 regarding the proposed CentraState Medical Center, Hunterdon Medical Center, and Saint Barnabas Health Care System financings.

CAPITAL ASSET PROGRAM LOAN
Cooper University Hospital

Suzanne Walton began by introducing John Gates, Executive Vice President and Chief Financial Officer, and Charles Bickel, Director of Facilities, both representing Cooper Health System ("Cooper"). She then noted that the Apollo-generated financial summary sheet for Cooper Health System that had been distributed to the Members in advance of the meeting had since been revised. Two key financial ratios for 2005 had been calculated incorrectly, namely Days Cash on Hand and the Debt Service Coverage ratio, therefore, a new summary sheet was distributed that correctly reflects the improved numbers for both ratios.

Ms. Walton stated that Cooper requests the Members' approval of a loan, issued through the Authority's Capital Asset Loan program, in an amount not to exceed $5,225,000. The proceeds will be used to finance leasehold improvements at a facility located in Marlton, New Jersey, for a new endoscopy center and employed physician offices. In addition, proceeds would be used to fund capitalized interest and pay the related costs of issuance.

Cooper is comprised of two operating divisions. The first is Cooper University Hospital ("CUH") which includes the operations of Cooper Hospital/University Medical Center and The Children's Regional Hospital at Cooper, as well as programs focusing on ambulatory diagnostic and treatment services, wellness and prevention, and other health services. The second division, Cooper University Physicians ("UP"), consists primarily of the employed medical staff.

Ms. Walton stated that, after receiving Cooper's application and historical audited and interim financial information, as a matter of due diligence, staff reviewed the material for completeness and consistency. After this review, the completed application was forwarded to JPMorgan Chase Bank for action. Staff also calculated various financial ratios designed to measure Cooper's liquidity, profitability and debt structure, comparing these ratios to industry standards.

JPMorgan Chase Bank, N.A., provider of the credit and liquidity support for the Series A-D Program, performed an independent credit analysis and approved the loan subject to the borrower providing a note under an existing Master Trust Indenture. The note will be secured by a parity interest in the pledge of gross receipts and a mortgage on certain property of the Obligated Group.

Mr. Escher moved to approve the capital asset loan on behalf of Cooper; Mr. Jackson seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-51
(attached)

Dr. Jacobs congratulated Cooper University Hospital. Mr. Gates noted that the majority of Cooper's financings have been issued through a local authority as redevelopment projects, and he thanked the Authority for the loan's approval.

NEGOTIATED SALE REQUESTS

A. Equipment Revenue Note Program

Mr. Hancock reminded the Members that in each of the past three years the Authority has approved the use of a negotiated private placement for any financing completed under the Equipment Revenue Note Program ("ERN Program"). Executive Order #26 permits a broad approval for all financings issued under the ERN Program, due to of the nature of the program's financings, which are limited to an issuance of less than $15 million, issued with an unrated note, and only using proceeds for equipment and installation costs. The Executive Order, however, requires that the approval to use a negotiated private placement be reaffirmed annually.

Dr. Cohen moved to approve the pursuit of negotiated sales for transactions using the Authority's ERN Program; Ms. Phillips seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-52
(attached)

B. Somerset Medical Center

After introducing, Brian O'Neill, Senior Vice President and Chief Financial Officer of Somerset Medical Center, Mr. Hopkins reported that Somerset Medical Center ("Somerset") signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing. The proceeds will be used to refinance a taxable construction loan that was used by Somerset to construct a three-story, 60,000-square foot Cancer Center on Somerset's campus in Somerville. In addition to radiation and chemotherapy services, laboratory and pharmacy space will be offered at the Cancer Center, as well as a Breast Center, Sleep Center and a salon/gift shop in a separate building attached to the Medical Center by a walkway. There will also be several physician offices on the second floor of the building. With costs of issuance and other costs, Somerset seeks to finance a total of approximately $15.2 million through the Authority.

Mr. Hopkins described Somerset as a New Jersey not-for-profit corporation that owns and operates a 355-licensed bed acute care hospital in Somerset County. According to the consolidated audited financial statements provided with the Memorandum of Understanding, Somerset generated excess revenues over expenses of approximately $258,000 for 2005 and a deficiency in revenues over expenses of approximately $3.75 million for 2004. Unaudited information for the first half of 2006 shows excess revenues over expenses of approximately $489,000.

Somerset asked that the Authority permit the use of a negotiated private placement since the sale would involve: (i) the sale of a complex or poor credit; (ii) the sale of a complex financing structure including more than one series of bonds, each structured differently; (iii) volatile market conditions; and (iv) the expected use of variable rate debt. Because these are considered justifications for the use of a negotiated sale under the policy regarding Executive Order #26, staff recommended approving the use of a negotiated sale and the forwarding of a copy of the justification in support of a resolution to the State Treasurer.

Mr. Hopkins noted that, after performing a competitive process, Somerset selected Peapack Gladstone Bank as purchaser for the bonds. Additionally, Somerset researched several law firms from the Authority's qualified list and requested that GluckWalrath be selected as bond counsel. Somerset's request was approved by the Attorney General's Office.

Mr. Jackson moved to approve the pursuit of a negotiated private placement on behalf of Somerset Medical Center; Mr. Escher seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-53

(attached)

C. Saint Peter's University Hospital

After introducing John Calandriello, Senior Vice President and Chief Financial Officer of Saint Peter's University Hospital, Mr. Hopkins stated that Saint Peter's University Hospital ("Saint Peter's") signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing. The proceeds will be used to fund a $43 million construction and renovation project on Saint Peter's campus, that will: create single room maternity units, renovate medical surgical units and public areas such as visitor lobbies, and upgrade electrical, heating, ventilation and air conditioning systems. With costs of issuance and other costs, Saint Peter's seeks to finance a total of approximately $50 million through the Authority. Two series of bonds may be issued, one at a fixed rate and one at a variable rate.

Saint Peter's is a 458-bed, not-for-profit acute care teaching hospital located in New Brunswick, New Jersey. According to the consolidated audited financial statements provided with the Memorandum of Understanding, Saint Peter's generated excess revenues over expenses of approximately $5.16 million for 2005 and $7.02 million for 2004. Unaudited information for the first three quarters of 2006 shows a deficiency in revenues over expenses of approximately $2.26 million.

Saint Peter's asked that the Authority permit the use of a negotiated sale since the sale would involve: (i) a large issue size; (ii) the sale of a complex financing structure including more than one series of bonds, each structured differently; and (iii) the expected use of variable rate debt. Because these are considered justifications for the use of a negotiated sale under the policy regarding Executive Order #26, staff recommended approving the use of a negotiated sale and the forwarding of a copy of the justification in support of a resolution to the State Treasurer. Mr. Hopkins added that, after performing a competitive process, Saint Peter's selected Ryan Beck & Co. as Senior Managing Underwriter for the bonds.

Mr. Jackson moved to approve the pursuit of a negotiated sale on behalf of Saint Peter's University Hospital; Mr. Escher seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-54
(attached)

REQUEST FOR CONDITIONAL CONSENT & SUBORDINATION OF LIEN
A. Jersey City Medical Center

After introducing Don Parseghian of Jersey City Medical Center, Jim Van Wart reminded the Members that the Authority has issued two series of bonds on behalf of Jersey City Medical Center ("JCMC"), a 322-bed acute care hospital in Jersey City. The first issue, completed in 2001 in the amount of $200,000,000, was used primarily to construct and equip the Medical Center and a 40,000 square foot ambulatory care facility. The second series, issued in 2003 in the amount of $16,440,000, was used to complete that project. Both of these issues are insured by the Federal Housing Administration along with commercial bond insurance policies issued by Ambac Assurance Corporation.

For the 2001 and 2003 issues, JCMC granted a mortgage to the real property and a security interest to the gross receipts and certain equipment located in the medical center as security for the mortgages and loan agreements. The Authority is the mortgagee for the transaction. Recently, the U.S. Department of Housing and Urban Development's Office of Insured Health Care Facilities ("HUD") has been requiring that the mortgagee on HUD insured mortgages provide consent to HUD actions that involve loan security, as well as other potential actions.

Mr. Van Wart stated that JCMC entered into a Loan and Security Agreement with HFG Healthco-4, LLC ("HFG") on September 26, 2001 for a revolving line of credit in the maximum amount of $21,000,000. That agreement was extended several times to December 27, 2006. At the time of the original loan, both HUD and the Authority executed a Subordination Agreement that subordinated HUD's and the Authority's lien on JCMC's accounts receivable to the extent of the outstanding loan with HFG.

JCMC now requests that HUD and the Authority execute a new Subordination Agreement or consent to the extension of the existing Subordination Agreement so that the loan agreement can be extended to September 26, 2009. According to Mr. Van Wart, HUD will not consider the request until the Authority gives its consent contingent on HUD's approval thereof.

Therefore, the Members were asked to authorize the Executive Director to execute the requested consent to HUD's approval of the loan extension and to execute, along with HUD, either a new Subordination Agreement or the extension of the existing agreement along with any other documents reasonably required to effect the subordination.

Mr. Escher asked what the balance on the loan is and how the funds are generally used, to which Mr. Parseghian replied that approximately $12 million is outstanding, and it used for day-to-day working capital. Mr. Escher offered a motion to approve the Conditional Consent and Subordination of a Lien on behalf of Jersey City Medical Center; Mr. Jackson seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-55

WHEREAS, Jersey City Medical Center seeks a loan that requires the Department of Housing and Urban Development ("HUD") to consent to subordinating its lien on patient accounts receivable, as required pursuant to the HUD Regulatory Agreement executed in 1998; and,

WHEREAS, HUD now requires the Authority, as the bond issuer, to provide Consent and to agree to the subordination of the Authority's own interest in the patients account receivable;

NOW, THEREFORE, BE IT RESOLVED, That the Authority hereby approves Conditional Consent and authorizes the Executive Director or Deputy Executive Director to execute and deliver a Subordination Agreement, with such changes and modifications as may be necessary or appropriate to effect the intent and purpose of the foregoing resolutions, and any other documents reasonably necessary to effectuate this loan; and,

BE IT FURTHER RESOLVED, That, the Authority's consent and the Subordination of the Lien on behalf of Jersey City Medical Center is subject to the final approval of the loan by HUD.

B. Cathedral Health Services

Susan Tonry reminded the Members that the Authority passed a resolution in October authorizing HUD to approve a loan on behalf of Cathedral Health Services ("Cathedral"), as well as the subordination of a first lien on accounts receivable.

Ms. Tonry stated that, in further discussions with Cathedral and HUD, it was determined that the Authority, as the FHA insured mortgagee-of-record for Cathedral and as a holder of a security interest in the patient accounts receivable, must also explicitly agree to the subordination of the Authority's security interest in patient accounts receivable in favor of CIT by executing a subordination agreement and any other documents reasonably necessary to effectuate the subordination subject to HUD's final approval of the loan. In order to do so, the Executive Director and Deputy Executive Director must have authorization to execute and deliver the subordination agreement.

On behalf of staff, Ms. Tonry requested that the Members pass a resolution to authorize the Executive Director and the Deputy Executive Director, if necessary, to execute and deliver a Subordination Agreement in substantially such form as the agreement provided, with such changes and modifications that may be necessary or appropriate to effect the intent and purpose of the foregoing resolution, as well as any other documents reasonably necessary to effectuate this loan.

Mr. Jackson offered a motion to approve the Conditional Consent and Subordination of a Lien on behalf of Cathedral Health System, authorizing the Executive Director or Deputy Executive Director to execute and deliver any documents needed for the act; Dr. Cohen seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-56

WHEREAS, at the October 26, 2006 Authority Meeting, the Authority consented to the Department of Housing and Urban Development's subordination of a lien on patient accounts receivable, thereby permitting a loan approval on behalf of Cathedral Health Services; and,

WHEREAS, HUD also requires that the Authority, as the bond issuer, agree to the subordination of the Authority's own interest in the patients account receivable;

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby authorizes the Executive Director or Deputy Executive Director to execute and deliver a Subordination Agreement, with such changes and modifications as may be necessary or appropriate to effect the intent and purpose of the foregoing resolutions, and any other documents reasonably necessary to effectuate this loan; and,

BE IT FURTHER RESOLVED, that, the Authority's approval of the Subordination of a Lien on behalf of Cathedral Health Services is subject to the final approval of the loan by HUD.

REDUCTION OF PROJECT REQUEST
Somerset Medical Center

After noting the presence of Brian O'Neill, Chief Financial Officer of Somerset Medical Center ("Somerset"), Bob Day reminded the Members that on March 27, 2003, the Authority issued $81,390,000 worth of bonds on behalf of Somerset. The proceeds, together with other funds from Somerset, were intended to finance the construction of: a parking garage, additions to an existing parking garage, a new emergency room, and a new inpatient bed unit. Proceeds were also intended to finance: renovations to an ambulatory surgery and ambulatory care space, extensive renovations to the hospital facility, and the acquisition and installation of certain capital equipment (as defined in the "Series 2003 Project"). The security for the Series 2003 Bonds is a mortgage lien and a security interest on the gross receipts of the institution.

Mr. Day stated that Somerset requests the Authority's approval to reduce the scope of the project under the provisions of Section 11 of the First Supplement to the Loan and Security Agreement and Mortgage and Mortgage Modification Agreement ("the First Supplement") dated May 1, 2003. Section 11 of the First Supplement permits the borrower to request an increase or decrease in the scope of the project financed in part with the proceeds of the Series 2003 Bonds.

Because of increased competition in the Somerset's service area due to nearby physician-owned ambulatory surgery centers, Somerset has decided not to go forward with its original plan to renovate its ambulatory surgery suite. In addition, certain master facility plan components originally included as part of the 2003 project relating to expenditures for exterior facade improvements, certain operating room renovations, cafeteria renovations and physician lounge renovations, are also being scaled back by Somerset to a more manageable cost.

Mr. Day reported that the aggregate cost for these project component reductions (including renovation of the same day surgery suite) is approximately $8,900,000. Somerset seeks approval to remove the above noted components of the Series 2003 Project.

Windels Marx Lane & Mittendorf provided the legal opinion required by the First Supplement as a condition for the Authority's approval of a project scope reduction. The opinion states that the decrease in the scope of the project does not adversely affect the rights of the holders of the bonds and will not affect the tax-exempt status of the bonds. Mr. Rones noted that this opinion was given by Windels Marx Lane & Mittendorf as the hospital's counsel, not as bond counsel, which adequately fulfills the requirements dictated by the bond documents. The Attorney General's office reviewed the action and counsel's opinion with no objection to the Authority's consideration of this matter.

Mr. Escher asked how Somerset saved money on the cost of the project, to which Mr. O'Neill stated that funds were saved by downsizing portions of the project. For example, Somerset opted to upgrade existing operating room suites instead of following through with complete renovations of the space. Mr. Escher offered a motion to approve Somerset's requested reduction of project; Ms. Kralik seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-57

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the requested decrease in the scope of the Series 2003 Project on behalf of Somerset Medical Center.

RECOMMENDATION OF CONSULTANT

Commission on Rationalizing New Jersey's Health Care Resources

Steve Fillebrown reminded the Members that the Authority received two responses to its RFP to Assist the Commission on Rationalizing New Jersey's Health Care Resources - TRG Healthcare, LLC and Navigant Consulting, Inc. Staff recommends selecting Navigant for the engagement based on the criteria outlined in the RFP.

Generally, staff felt that Navigant's experience was more directly relevant to this engagement, and in several instances, felt that the Navigant proposal offered a more complete assessment or analysis of the issue. For example, the Navigant proposal appeared to go deeper into the financial and utilization statistics of New Jersey hospitals. Likewise, Navigant's demand assessment would cover a broader array of health care services.

According to Mr. Fillebrown, comparing price was a little difficult. Navigant's fee quote was simply stated as $640,215, which includes a separate line item of $13,000 for travel expenses. TRG, however, proposed to complete the project in two phases. Phase I covered all the tasks except 1) identifying options for supporting financially distressed but essential hospitals, 2) identifying policies to assist financially distressed but non-essential hospitals and 3) evaluating alternative uses for non-essential acute care facilities. The fee for Phase I is $325,000. The fee for Phase II varies based on the number of hospitals or market areas that would need attention. TRG, assuming that five hospitals would need more work, quoted a fee of $175,000. They would bill expenses in addition to the professional fees.

Although with the combined cost of Phase I and Phase II, the TRG quote is lower, staff believes that the Navigant proposal is the stronger of the two. First, the TRG fee could be higher than $500,000 if there are more than five hospitals or areas that require work in Phase II. Second, staff believes that the advantages offered by Navigant on the other criteria outweigh the expected price differential.

Therefore, staff recommended hiring Navigant and including $640,215 in the 2007 Authority budget to cover the costs. Also, staff asks that the Members authorize Executive Director or Deputy Executive Director to execute the contract with Navigant.

Mr. Fillebrown confirmed for Dr. Cohen that there were only two proposals submitted. Dr. Cohen expressed concerns that macro-level issues may be overlooked, such as general overview questions relating to the total number of beds that should be available to provide various services in the state, market supply and demand, and political issues involved in hospital categorization. Mr. Fillebrown stated that, while such concern may have been an issue with the TRG proposal, Navigant has demonstrated experience with macro-level analysis. For example, Navigant worked with government agencies in numerous other states on financial and planning issues, including the State of Vermont where it worked to develop a health resources inventory and a health resource allocation plan. It also worked with the State of North Carolina regarding health care system reimbursements.

Mr. Escher asked if the Authority worked with the Commission on this selection and asked if the Authority makes the final call on the hiring. Mr. Hopkins noted that the information was forwarded to personnel at the Governor's office and the Department of Health and Senior Services, as well as Uwe Reinhardt, the head of the Commission who is currently the only member of the Commission named. No feedback was received from Dr. Reinhardt. He stated, though, that the hiring is at the discretion of the Authority as the financer of the consultant work.

Ms. Kralik noted that Navigant's proposal relied heavily on the analysis of certain data; she expressed a concern over whether or not that data was available. Mr. Fillebrown stated that the majority of the sources cited in the proposal already have the data largely available (such as market share data and cost reports). He noted that some of the outpatient statistics may require additional effort to acquire; for that data, it is expected that Navigant would work closely with the Department of Health and Senior Services. Mr. Fillebrown added that personnel at the State of Vermont reported that Navigant's data work was excellent, perhaps even the firm's strength.

Dr. Jacobs noted that the Commission members are in the process of being named. Once named, the Commission will be the driving force behind the type of work required by the consultant.

Mr. Escher offered a motion to hire Navigant Consulting to assist the *Commission On Rationalizing New Jersey's Health Care Resources*, also moving to authorize the Executive Director or Deputy Executive Director to execute the contract with Navigant Consulting and to include $640,215 in the 2007 Authority budget to cover the costs; Mr. Jackson seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-58

NOW, THEREFORE, BE IT RESOLVED, That the Authority hereby approves the selection of Navigant Consulting to assist the *Commission On Rationalizing*

New Jersey's Health Care Resources and the inclusion of $640,215 in the 2007 Authority budget to cover the costs,

BE IT FURTHER RESOLVED, That the Authority hereby authorizes the Executive Director or Deputy Executive Director to execute a contract with Navigant Consulting for the engagement.

TRANSMITTAL TO THE GOVERNOR

Upon a motion made by Mr. Jackson, seconded by Ms. Phillips, the Assistant Secretary was authorized, through a unanimous vote, to execute a certified copy of the minutes of this portion of the meeting and forward them to the Governor with a recommendation that he approve the action taken by the Authority with respect to the hiring of Navigant Consulting to assist the *Commission On Rationalizing New Jersey's Health Care Resources*.

DIRECTORS & OFFICERS LIABILITY INSURANCE RENEWAL

Michael Ittleson began by introducing Michael Englert from AIG and Terry Dermody from the Business and Governmental Insurance Agency. He then reminded the Members that the Authority's Directors and Officers liability ("D & O coverage") policy expires on December 18, 2006. The expiring policy was a one-year policy with a $20 million limit of liability and a retention level (also known as a deductible) of $250,000. The premium on the expiring policy is $108,174 with a New Jersey surcharge of $1,893.

The Authority's insurance broker contacted eleven insurance carriers seeking premium quotes on a new $20 million limit of liability policy at retention levels of $100,000, $150,000, $250,000, $500,000 and $1,000,000. National Union (AIG), the Authority's current provider of D & O coverage, was the only insurer to provide premium quotes. The other carriers declined to based on their inability to compete with AIG's prices, and/or provide the $20 million limit without obtaining reinsurance or layering the coverage with several carriers, which would not have been cost effective.

Mr. Ittleson reported that the premium quote provided by AIG for the policy period December 18, 2006 through December 18, 2007 (at a $250,000 retention level) is $104,471 plus the New Jersey surcharge of $1,672 for a total of $106,143. This amounts to $3,924 less than the expiring policy. Retention levels of $500,000 and $1,000,000 do not provide sufficient premium cost savings. The Authority could opt to go to the retention levels of $100,000 or $150,000 and pay the slightly higher premiums, but since the Authority has not experienced any claims to date, this may not be cost effective either. Therefore, staff recommended staying with the $250,000 retention level with a $20 million limit of liability.

Dr. Cohen asked if past acts are covered by the D & O policy, including those of individuals who are no longer Members of the Authority. Mr. Englert replied that all acts are covered dating back to October 19, 1983. Mr. Ittleson stated that individuals who are no longer Members are covered for actions taken through the Authority since that time as well.

Dr. Cohen offered a motion to approve renewing the D & O coverage under AIG for the period December 18, 2006 through December 18, 2007, at a $250,000 retention level with a $20 million limit of liability; Ms. Phillips seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-59

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves renewing its Directors and Officers Liability policy with AIG for the period December 18, 2006 through December 18, 2007, at a $250,000 retention level with a $20 million limit of liability, for a total cost of $106,143.00.

TRINITAS HOSPITAL

It was noted that Trinitas Hospital requested the pursuit of a negotiated sale and/or private placement. The proposed transaction, though, has a few specific requests that would be discussed in executive session as contractual matters and matters on which the Members may wish to receive advice from the Attorney General's Office. Before tabling the discussion for executive session, Mark Hopkins reported the details of the transaction that could be discussed in public session.

He began by introducing Paul Dabrowski, Senior Vice President and Chief Financial Officer, and then described Trinitas Hospital ("Trinitas") as a New Jersey not-for-profit corporation that operates an acute care hospital in Elizabeth New Jersey. According to the consolidated audited financial statements provided, Trinitas generated excess revenues over expenses of approximately $6.38 million for 2005 and $6.21 million for 2004. Unaudited information for the first three quarters of 2006 shows excess revenues over expenses of approximately $4.25 million.

Trinitas signed a Memorandum of Understanding with the Authority to finance the refunding of Authority bonds issued in 1997 and 2000. The 1997 bonds, with an approximate outstanding amount of $51.8 million, were issued on behalf of St. Elizabeth Hospital. The 2000 bonds, with approximately $78.3 million outstanding, were issued when St. Elizabeth and Elizabeth General hospitals were merging to form Trinitas. With costs of issuance and other costs, Trinitas seeks to finance a total of approximately $150.5 million through the Authority. Two series of bonds are expected for the issue.

Mr. Hopkins stated that Trinitas believes that there are savings to be achieved through a current refunding of the 1997 bonds, which become callable on July 1, 2007, and a tender offer for the 2000 bonds. The cost of the tender offer would be financed through the issuance of new bonds. The new bonds would be issued in two series on the credit of the hospital. Because of the size of the issues, the use of two series and the credit position of the hospital, Trinitas believes it meets the requirements of the Authority's Executive Order No. 26 policy for the use of a negotiated sale.

Further, Trinitas received indications of interest from a single investor with terms that would provide the hospital both interest rate benefits and attractive financial covenant terms. As a result, it may be more cost-effective for Trinitas to complete the financings as a private placement. However, the investor has indicated that the interest rate proposal would have to be adjusted upward if the Authority required a "Traveling Investor Letter" as is the Authority's current practice. This issue should be further discussed in executive session. Mr. Hopkins noted that Trinitas' requested issue type depends on whether or not the Authority maintains its position on the Traveling Investor Letter requirement.

In addition, Trinitas is considering entering into hedging agreements to reduce the risk of rising interest rates between now and the time the bonds are sold. Reducing this risk is important since the new bonds are for refunding purposes and an increase in interest rates would reduce any savings. As a result of Internal Revenue Service requirements, any agreement entered into by a borrower must be identified on the books of the Authority. This is similar to recent requests by Atlantic Health System and South Jersey Hospital, in which the Authority Members authorized officers and/or staff to identify the swap or hedge when appropriate.

Mr. Hopkins recommended that the Members discuss the Trinitas' policy exception request in executive session, since one is planned later in the meeting. At this point discussion and further action on Trinitas Hospital was tabled until that executive session.

FINANCE COMMITTEE REPORT

As Chairman of the Authority's Finance Committee, Moshe Cohen then presented the Finance Committee report. He stated that Committee held two meetings to discuss the budget in detail, one on October 10th and a follow-up on November 6th to revisit some issues. On behalf of the Committee, Dr. Cohen recommended approving the Authority's 2007 budget, resulting from the joint efforts of the Authority's staff and the Committee. Dr. Cohen also commended Michale Ittleson for his work on preparing the budget.

The proposed 2007 cash budget reflects an estimated operating income of approximately $4.4 million, an estimated interest income of $150,000, and an estimated operating expense budget of approximately $3.7 million. It should be noted that these figures do not include anticipated increases in compensation. As a result, before accounting for any salary increases, approximately $815,000 is anticipated in receipts over disbursements for 2007, with projected expenses decreasing by just over 7.5%.

The overall reduction is largely the result of many individual line items decreasing for one of two reasons:

1> either their respective projects were completed (as is the case for the "Office Furniture and Equipment" category), or

2> the cushion was reduced after considering where the 2006 actual expenses will be (as is the case for the "Printing" and "Attorney General's Fees" categories).

The draft also shows a reduction in fringe benefit costs since the 2006 budget included two-years worth of funds in order to properly fund the liability for post-retirement health benefits (Years 2005 and 2006). Beginning with the 2007 budget, the liability will be funded on a yearly basis.

Dr. Cohen reported that, historically, the Authority's budget projections have been quite accurate, with projections for expenses often coming within $100,000 to $200,000 of the actual year-end figures. Income projections have also been accurate when reviewed at year's end. Further, the process used by Project Management to determine future income from projects tends to be conservative.

Dr. Cohen stated that, at the second meeting, the Committee took a close look at the Authority's fee cap. Staff and the Committee agreed that the cap is a good idea since, once a project reaches a certain size, there is little increase in the amount of time and staff required for the transaction. Also, while the cost of living adjustment to the fee cap creates only a small increase in the overall net income, it acts as a safeguard to help the Authority keep up with cost of living increases over time. The Committee did, however, agree to round the cap down to the nearest million in bond size, after applying the cost of living factor, to simplify the accounting processes.

Dr. Cohen then offered a motion for the members to meet in executive session, as permitted by the Open Public Meetings Act and the Authority's By-Laws, to discuss the employee compensation portion of the 2007 budget, defined as a matter related to personnel. It was noted that the results of the discussion would be made known at such time as the need for confidentiality no longer existed. Mr. Jackson seconded it. Dr. Jacobs voted yes, Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, and Ms. Phillips voted yes. The motion carried.

AB RESOLUTION NO. GG-60

NOW, THEREFORE, BE IT RESOLVED, that, as permitted by the Open Public Meetings Act and the Authority's By-Laws, the Authority meet in Executive Session to discuss personnel and contractual matters, and to receive advice from the Office of the Attorney General.

BE IT FURTHER RESOLVED, that the results of discussions may be made known at such time as the need for confidentiality no longer exists.

Dr. Jacobs exited the meeting during Executive Session to attend a prior engagement. From this point on, Gus Escher chaired the meeting as the Authority's Vice Chairman and Ed Tetelman voted on behalf of the Department of Health and Senior Services as Designee of Dr. Jacobs. Public Session reconvened.

TRINITAS HOSPITAL REVISITED

It was stated that Trinitas Hospital requests the Authority's pursuit of a negotiated sale and/or private placement on its behalf, with certain considerations discussed in Executive Session. Mr. Hopkins made the case for the approval of a negotiated sale and/or private placement based on the fact that the financing would involve: (i) a sale of a complex or poor credit; (ii) a sale of a complex financing structure including the sale of more than one series of bonds, each structured differently; (iii) volatile market conditions; and (iv) a large issue size. Because these are justifications noted under the Authority's policy regarding Executive Order #26, staff recommended the consideration of the resolution approving the use of a negotiated sale and/or private placement and the forwarding of a copy of the justification in support of said resolution to the State Treasurer.

He added that, after performing a competitive process, Trinitas selected Goldman Sachs as Senior Managing Underwriter if the bonds are issued through a negotiated sale or Placement Agent if the bonds are issued through a negotiated private placement. Additionally, Trinitas researched several law firms from the Authority's qualified list and requested that Gibbons Del Deo Griffinger & Vecchione be selected to serve as bond counsel. Trinitas' request had been forwarded to the Attorney General's Office for review and approval was granted.

Drawing from discussion and determinations made during Executive Session, Mr. Jackson moved to approve, under one umbrella Resolution, the pursuit of a negotiated sale or a negotiated private placement on behalf of Trinitas Hospital, allowing for the proposed exception to the Authority's practice of requiring a Traveling Investor Letter, conditional upon the following:

1. the Authority receives an Investor Letter from the initial purchaser which includes acceptable indemnification language;
2. the initial purchaser must hold the bonds for a minimum of one year;
3. the bonds are only transferable to qualified or accredited investors and there are appropriate transfer restrictions noted on the bonds and in the documents;
4. the bonds carry a minimum of $100,000 denominations; and,
5. secondary market disclosure is provided by the Hospital, in a form acceptable to the Authority.

It was also noted that one of the determining factors in making this exception was that Trinitas has an investment grade rating.

Dr. Cohen seconded the motion as stated. At this point, Mr. Escher opened the floor to the Members and public for questions. Scott Kobler of McCarter and English, serving as Hospital Counsel, asked for clarification of the Authority's expectation for the indemnification requirement. The Members and various counsel discussed the viability of receiving a "hold harmless" or a "release" in place of indemnification, thereby meeting the goal of prohibiting the purchaser Goldman Sachs from the possibility of bringing legal action against the Authority, should a problem arise with the proposed transaction. Numerous points were made by the various counsel concerning the implications of indemnification versus hold harmless language.

It was determined that, through the course of the conversation, while no single term for the requirement was selected, the Authority had made it clear that it seeks to be protected from legal action taken by the purchaser, Goldman Sachs. The details of the agreement would be worked out by the working group and presented in final form for the Authority's approval.

Mr. Escher asked if there were any further questions, to which Michael Marcus of Goldman Sachs asked if the requirements are negotiable. Mr. Escher responded that the Authority holds monthly meetings, at which modifications or amendments can be proposed. Mr. Kobler thanked the Authority for their willingness to spend the time and energy that has already been expended on behalf of Trinitas Hospital.

Mr. Rones asked that the maker of the motion and the second state a willingness to accept the terms "hold harmless" or "release" when considering the indemnification aspect of the requirement. After noting that this proposal is for an exception to the Authority's policy and not a standing change to the policy, Mr. Jackson and Dr. Cohen accepted the language. Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, Ms. Phillips voted yes, and Mr. Tetelman voted yes. The motion carried.

AB RESOLUTION NO. GG-61

(attached)

Mr. Tetelman then moved to authorize the identification of Hedging Agreements for the Trinitas' transaction; Mr. Jackson seconded. Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, Ms. Phillips voted yes, and Mr. Tetelman voted yes. The motion carried.

AB RESOLUTION NO. GG-62

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby authorizes the identification of Hedging Agreements for the proposed Trinitas' 2007 transaction.

It was noted that the Authority's proposed 2007 Budget was also discussed in Executive Session. Dr. Cohen offered a motion to approve the draft Budget, including the salary adjustments agreed upon in Executive Session, which fall within the permissible range approved earlier by the Governor. Mr. Jackson seconded it. Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, Ms. Phillips voted yes, and Mr. Tetelman voted yes. The motion carried.

AB RESOLUTION NO. GG-63

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Authority 2007's Budget, including the salary adjustments agreed upon in Executive Session, which fall within the permissible range approved by Governor Jon S. Corzine.

It was noted that the approved budget will be amended to reflect an increase approximating $54,700 to permit the approved salary adjustments. It was also noted that a discussion of the Authority's forward going car policy took place in Executive Session and will be addressed at a later date.

AUTHORITY EXPENSES

Mr. Escher referenced a summary of Authority expenses and invoices. Ms. Jackson offered a motion to approve the bills and to authorize their payment; Mr. Tetelman seconded. Mr. Escher voted yes, Mr. Jackson voted yes, Dr. Cohen voted yes, Ms. Kralik voted yes, Ms. Phillips voted yes, and Mr. Tetelman voted yes. The motion carried.

AB RESOLUTION NO. GG-64

WHEREAS, the Authority has reviewed memoranda dated November 21, 2006, summarizing all expenses incurred by the Authority in connection with FHA Mortgage Servicing, Trustee/Escrow Agent/Paying Agent fees, and general operating expenses in the amounts of $679,325.94, $23,189.20 and $69,295.78 respectively, and has found such expenses to be appropriate;

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves all expenses as submitted and authorizes the execution of checks representing the payment thereof.

STAFF REPORTS

Mr. Escher thanked staff for their preparation of reports that were distributed for review, including the Project Development Summary, Interest Rate Trends Graph, Cash Flow Statement, and a Legislative Advisory.

Mr. Hopkins then announced the following items in his Executive Director's Report:

1. On November 1, 2006, Hackensack University Medical Center announced that it was entering into a Memorandum of Understanding with Pascack Valley Hospital to possibly acquire Pascack Valley. Over the next few months, Hackensack will evaluate the financial and operational efficiencies at Pascack Valley in order to determine if the transfer of control of Pascack Valley to Hackensack will take place.

2. The Authority's Human Resources Manager, Robin Piotrowski celebrated her 5th anniversary with the Authority this month, and Lorraine Donohue, the Authority's Office Management Assistant, celebrated her 15th anniversary with the Authority this month.

As there was no further business to be addressed, Mr. Jackson moved to adjourn the meeting, Mr. Tetelman seconded. The vote was unanimous, and the motion carried at approximately 1:00p.m.

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF MINUTES OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY MEETING HELD ON NOVEMBER 21, 2006.

Dennis Hancock
Assistant Secretary

See AB RESOLUTION NO. GG-46

SUPPLEMENTAL RESOLUTION

SUPPLEMENTAL RESOLUTION AMENDING THE "SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS, CENTRASTATE MEDICAL CENTER OBLIGATED GROUP ISSUE, SERIES 1998" ADOPTED ON SEPTEMBER 25, 1998.

WHEREAS, the New Jersey Health Care Facilities Financing Authority (the "**Authority**") was duly created and now exists under the New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c. 29, N.J.S.A. 26:2I-1 et seq., as amended (the "**Act**"), for the purpose of ensuring that all health care institutions have access to financial resources to improve the health and welfare of the citizens of the State of New Jersey; and

WHEREAS, the Authority duly adopted on October 29, 1992 its General Health Care Facilities Registered Bond Resolution (the "**General Resolution**"); and

WHEREAS, the General Resolution authorizes the issuance by the Authority, from time to time, of its revenue bonds, in one or more series, for the authorized purposes of the Authority; and

WHEREAS, the General Resolution provides that bonds of the Authority shall be issued pursuant to a Series Resolution or Series Resolutions (as defined therein); and

WHEREAS, pursuant to the General Resolution and a series resolution entitled "Series Resolution Authorizing the Issuance of New Jersey Health Care Facilities Financing Authority Revenue Bonds, CentraState Medical Center Obligated Group Issue, Series 1998", duly adopted on September 25, 1998 (the "**1998 Series Resolution**"), the Authority has heretofore issued its Revenue Bonds, CentraState Medical Center, Inc, Obligated Group Issue, Series 1998, in the aggregate principal amount of $61,290,000 (the "**Series 1998 Bonds**"); and

WHEREAS, Section 10.02 of the General Resolution and Section 6.13 of the 1998 Series Resolution permit the adoption of a Supplemental Resolution supplementing or modifying the 1998 Series Resolution with Bondholder consent; and

WHEREAS, Ambac Assurance Corporation ("Ambac") is the Bondholder of the Series 1998 Bonds for the purpose of obtaining Bondholder consent pursuant to Section 2.13 (D) of the 1998 Series Resolution; and

WHEREAS, Ambac has requested and the Authority has determined to approve the amendment of the 1998 Series Resolution as set forth herein in connection with the existing Ambac insurance policy on the Series 1998 Bonds, and in anticipation of the Authority's issuance of its insured New Jersey Health Care Facilities Financing Authority Revenue Bonds, CentraState Medical Center Issue, Series 2006A and New Jersey Health Care Facilities Financing Authority Revenue Bonds, CentraState Medical Center Issue, Series 2006B (Federally Taxable);

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Health Care Facilities Financing Authority, as follows:

Section 1. The "Debt Service Reserve Determination Date" defined in Section 1.01 of the 1998 Series Resolution shall be amended to read

"Debt Service Reserve Determination Date means any Business Day on which (i) the Combined Group has reported, as a result of the reporting requirements of Section 5.8(B) of the First Supplemental Indenture, that the Combined Group has failed to achieve either a Cushion Ratio of at least 2.00 or Debt Service Coverage Ratio of at least 1.35 or (ii) the services of a Consultant are engaged as required by Section 6.12 of the Loan Agreement dated as of December 1, 2006, and entered into in connection with the issuance of the New Jersey Health Care Facilities Financing Authority Revenue Bonds, CentraState Medical Center Issue, Series 2006A and as required by Section 6.13 of the Loan Agreement dated as of December 1, 2006, and entered into in connection with the issuance of the New Jersey Health Care Facilities Financing Authority Revenue Bonds, CentraState Medical Center Issue, Series 2006B (Federally Taxable). For purposes of clause (ii) herein once the Debt Service Reserve Fund Requirement is triggered hereunder, it shall remain in effect for so long as the Series 1998 Bonds remain outstanding."

Capitalized terms used and not defined herein shall have the meaning given to such words and terms in the General Resolution and the 1998 Series Resolution.

Section 2. All prior resolutions of the Authority or portions thereof inconsistent herewith are hereby repealed.

Section 3. This Supplemental Resolution shall take effect ten (10) days, exclusive of Saturdays, Sundays and public holidays, after delivery to the Governor of the minutes of the meeting of the Authority at which the Supplemental Resolution is adopted or at such earlier time as the Governor signs a statement of approval, all in accordance with subsection (i) of Section 4 of the Act.

AB RESOLUTION NO. GG-51

RESOLUTION APPROVING A CAPITAL ASSET LOAN ON BEHALF OF COOPER HEALTH SYSTEM

Adopted November 21, 2006

WHEREAS, Cooper Health System (the "Institution") has requested that the New Jersey Health Care Facilities Financing Authority (the "Authority") finance the costs of certain capital assets (the "Capital Assets") through the Authority's pooled financing program funded from the proceeds of the Authority's $100,000,000 Variable Rate Demand Revenue Bonds (Hospital Capital Asset Financing Program) 1985 Series A, 1985 Series B, 1985 Series C and 1985 Series D (the "Capital Asset Financing Program"); and

WHEREAS, such Capital Assets financing for the Institution will be made pursuant to a Loan Agreement to be entered into between the Authority and the Institution (the "Loan Agreement"), which will be assigned by the Authority to The Bank of New York, as Trustee (the "Pool Trustee"); and

WHEREAS, as additional security for its obligations under the Loan Agreement, the Institution may be required to deliver such collateral as determined and required by JPMorgan Chase Bank, N.A. ("JPMorgan");

NOW, THEREFORE, BE IT RESOLVED by the New Jersey Health Care Facilities Financing Authority as follows:

1. The Authority hereby approves a loan to the Institution in a principal amount not exceeding $5,225,000 (the "Loan") for the purpose of financing or refinancing leasehold improvements to an endoscopy center and physician offices, including endoscopy, examination and recovery rooms, to be located in Marlton, New Jersey, and including all related costs and expenses, including capitalized interest on the Loan.

2. Pursuant to the provisions of the Trust Agreement securing the Authority's Capital Asset Financing Program, the authorized officers of the Authority are hereby authorized and directed to execute the Loan Agreement and any other documentation deemed necessary and appropriate by the Authority's counsel to complete the financing of the Capital Assets for the Institution.

3. The Loan hereby approved shall be subject to the receipt of all necessary loan documentation as required, and subject to the Institution meeting all loan, collateral and security requirements of JPMorgan.

4. The officers of the Authority are hereby authorized and directed to take such other action as may be necessary or appropriate in order to effectuate the financing of the Capital Assets for the Institution in accordance with the foregoing sections and recitals hereof.

5. All prior resolutions of the Authority or any portions thereof to the extent inconsistent with this Resolution are hereby repealed.

6. This Resolution shall take effect ten days (exclusive of Saturdays, Sundays and public holidays) after the delivery to the Governor of the minutes of the meeting of the Authority at which this Resolution is adopted, or such earlier time as the Governor signs a statement of approval, all in accordance with subsection (i) of Section 4 of the New Jersey Health Care Facilities Financing Authority Law, as amended.

AB RESOLUTION NO. GG-52__

RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY NEGOTIATED TRANSACTION PURSUANT TO EXECUTIVE ORDER NO. 26

Equipment Revenue Note Program

WHEREAS, the New Jersey Health Care Facilities Financing Authority (the "Authority") was duly created and now exists under the New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c. 29, N.J.S.A. 26:2I-1 et seq., as amended (the "Act"), for the purpose of ensuring that all health care organizations have access to financial resources to improve the health and welfare of the citizens of the State; and,

WHEREAS, the Authority issues its bonds from time to time for the achievement of its authorized purposes; and

WHEREAS, on October 25, 1994, the Governor issued Executive Order No. 26 which sets forth procedures by which an issuer may determine the method of sale of bonds or notes; and,

WHEREAS, on December 8, 1994, the Authority adopted Section 2 of its policy which was developed to implement Executive Order No. 26, which requires an Authority resolution to pursue a negotiated sale of bonds; and,

WHEREAS, on March 28, 1996, the Authority amended its policy related to Executive Order No. 26; and,

WHEREAS, the Authority's policy states that a negotiated sale of bonds will be conducted if it is determined by the Authority that it would better serve the requirements of a particular financing; and,

WHEREAS, a negotiated transaction would be permitted in circumstances including, but not limited to, the sale of bonds for a complex or poor credit; the development of a complex financing structure, including those transactions that involve the simultaneous sale of more than one series with each series structured differently; volatile market conditions; large issue size; programs or financial techniques that are new to investors; or, for variable rate transactions; and,

WHEREAS, the Authority's policy provides that the Authority may make determinations with respect to the method of sale, which will be utilized for two or more transactions, providing that the transactions are a part of a larger bonding program of similar issues; and,

WHEREAS, the Authority wishes to improve the efficiency of issuing bonds through its Equipment Revenue Note Program; and,

WHEREAS, financings completed through the Equipment Revenue Note Program must meet the following criteria: 1) the proceeds will only be used to acquire equipment or retrofit space to house equipment, 2) the bond-size does not exceed $15,000,000, and 3) the bonds are not publicly rated or credit-enhanced; and,

WHEREAS, financings meeting these criteria would generally be considered complex credits and would not benefit from a public offering; and,

WHEREAS, on October 23, 2003, the Authority initially approved the use of negotiated private placements for financings done through the Equipment Revenue Note Program by a resolution that must be renewed on a yearly basis; and,

WHEREAS, on November 22, 2005, the Authority reapproved the use of negotiated private placements for financings done through the Equipment Revenue Note Program by a resolution that must be renewed on a yearly basis; and,

WHEREAS, the resolution and justification in support of such resolution must be filed, within five days of its adoption, with the State Treasurer;

NOW, THEREFORE, BE IT RESOLVED, that, based upon the above findings, the Authority hereby determines that it would better serve the requirements of Financings instituted under the Equipment Revenue Note Program, through November of 2006, to conduct a negotiated sale on a private placement basis; and,

BE IT FURTHER RESOLVED, that the Executive Director is hereby directed and authorized to transmit a copy of this Resolution and justification in support of such resolution to the State Treasurer.

AB RESOLUTION NO. GG-53

RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY PRIVATE PLACEMENT TRANSACTION PURSUANT TO EXECUTIVE ORDER NO. 26

Somerset Medical Center

WHEREAS, the New Jersey Health Care Facilities Financing Authority (the "Authority") was duly created and now exists under the New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c. 29, N.J.S.A. 26:2I-1 et seq., as amended (the "Act"), for the purpose of ensuring that all health care organizations have access to financial resources to improve the health and welfare of the citizens of the State; and,

WHEREAS, the Authority issues its bonds from time to time for the achievement of its authorized purposes; and

WHEREAS, on October 25, 1994, the Governor issued Executive Order No. 26 which sets forth procedures by which an issuer may determine the method of sale of bonds or notes; and,

WHEREAS, on December 8, 1994, the Authority adopted Section 2 of its policy which was developed to implement Executive Order No. 26, which requires an Authority resolution to pursue a negotiated sale of bonds; and,

WHEREAS, on March 28, 1996, the Authority amended its policy related to Executive Order No. 26; and,

WHEREAS, the Authority's policy states that a negotiated sale of bonds will be conducted if it is determined by the Authority that it would better serve the requirements of a particular financing; and,

WHEREAS, a negotiated transaction would be permitted in circumstances including, but not limited to, the sale of bonds for a complex or poor credit; the development of a complex financing structure, including those transactions that involve the simultaneous sale of more than one series with each series structured differently; volatile market conditions; large issue size; programs or financial techniques that are new to investors; or, for variable rate transactions; and,

WHEREAS, Somerset Medical Center has entered into a Memorandum of Understanding with the Authority to pursue a revenue bond financing (the "Financing"); and,

WHEREAS, Somerset Medical Center has requested that the Authority consider approving the pursuit of a negotiated sale; and,

WHEREAS, the Financing could be considered a complex or poor credit; and,

WHEREAS, the Financing may be of a complex structure, including the involvement of the simultaneous sale of more than one series with each series structured differently; and,

WHEREAS, Somerset Medical Center is considering the issuance of variable rate bonds for all or a portion of the Financing; and,

WHEREAS, Somerset Medical Center has requested consideration of a determination that a negotiated private placement sale is the appropriate method of financing; and,

WHEREAS, the Authority's policy states that a private placement would be permitted if, based on a financial analysis, it would be less expensive on a present value basis to complete a private placement; or, if such other circumstances (i.e., credit considerations) would limit effectiveness or usefulness of a public sale; and,

WHEREAS, credit considerations would limit the effectiveness or usefulness of a public sale on behalf of Somerset Medical Center; and,

WHEREAS, the Authority is desirous of being responsive to Somerset Medical Center’s request; and,

WHEREAS, the aforementioned resolution and justification in support of such resolution must be filed, within five days of its adoption, with the State Treasurer;

NOW, THEREFORE, BE IT RESOLVED, that, based upon the above findings, the Authority hereby determines that it would better serve the requirements of this Financing to conduct a negotiated sale; and,

BE IT FURTHER RESOLVED, that the Executive Director is hereby directed and authorized to transmit a copy of this Resolution and justification in support of such resolution to the State Treasurer.

AB RESOLUTION NO. GG-54

RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY NEGOTIATED TRANSACTION PURSUANT TO EXECUTIVE ORDER NO. 26

Saint Peter's University Hospital

WHEREAS, the New Jersey Health Care Facilities Financing Authority (the "Authority") was duly created and now exists under the New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c. 29, N.J.S.A. 26:2I-1 et seq., as amended (the "Act"), for the purpose of ensuring that all health care organizations have access to financial resources to improve the health and welfare of the citizens of the State; and,

WHEREAS, the Authority issues its bonds from time to time for the achievement of its authorized purposes; and

WHEREAS, on October 25, 1994, the Governor issued Executive Order No. 26 which sets forth procedures by which an issuer may determine the method of sale of bonds or notes; and,

WHEREAS, on December 8, 1994, the Authority adopted Section 2 of its policy which was developed to implement Executive Order No. 26, which requires an Authority resolution to pursue a negotiated sale of bonds; and,

WHEREAS, on March 28, 1996, the Authority amended its policy related to Executive Order No. 26; and,

WHEREAS, the Authority's policy states that a negotiated sale of bonds will be conducted if it is determined by the Authority that it would better serve the requirements of a particular financing; and,

WHEREAS, a negotiated transaction would be permitted in circumstances including, but not limited to, the sale of bonds for a complex or poor credit; the development of a complex financing structure, including those transactions that involve the simultaneous sale of more than one series with each series structured differently; volatile market conditions; large issue size; programs or financial techniques that are new to investors; or, for variable rate transactions; and,

WHEREAS, Saint Peter's University Hospital has entered into a Memorandum of Understanding with the Authority to pursue a revenue bond financing (the "Financing"); and,

WHEREAS, Saint Peter's University Hospital has requested that the Authority consider approving the pursuit of a negotiated sale; and,

WHEREAS, the Financing could be considered a complex or poor credit; and,

WHEREAS, the Financing may be of a complex structure, including the involvement of the simultaneous sale of more than one series with each series structured differently; and,

WHEREAS, Saint Peter's University Hospital is considering the issuance of variable rate bonds for all or a portion of the Financing; and,

WHEREAS, the Authority is desirous of being responsive to Saint Peter's University Hospital's request; and,

WHEREAS, the aforementioned resolution and justification in support of such resolution must be filed, within five days of its adoption, with the State Treasurer;

NOW, THEREFORE, BE IT RESOLVED, that, based upon the above findings, the Authority hereby determines that it would better serve the requirements of this Financing to conduct a negotiated sale; and,

BE IT FURTHER RESOLVED, that the Executive Director is hereby directed and authorized to transmit a copy of this Resolution and justification in support of such resolution to the State Treasurer.

AB RESOLUTION NO. GG-61

RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY NEGOTIATED SALE OR NEGOTIATED PRIVATE PLACEMENT TRANSACTION PURSUANT TO EXECUTIVE ORDER NO. 26

Trinitas Hospital

WHEREAS, the New Jersey Health Care Facilities Financing Authority (the "Authority") was duly created and now exists under the New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c. 29, N.J.S.A. 26:2I-1 et seq., as amended (the "Act"), for the purpose of ensuring that all health care organizations have access to financial resources to improve the health and welfare of the citizens of the State; and,

WHEREAS, the Authority issues its bonds from time to time for the achievement of its authorized purposes; and

WHEREAS, on October 25, 1994, the Governor issued Executive Order No. 26 which sets forth procedures by which an issuer may determine the method of sale of bonds or notes; and,

WHEREAS, on December 8, 1994, the Authority adopted Section 2 of its policy which was developed to implement Executive Order No. 26, which requires an Authority resolution to pursue a negotiated sale of bonds; and,

WHEREAS, on March 28, 1996, the Authority amended its policy related to Executive Order No. 26; and,

WHEREAS, the Authority's policy states that a negotiated sale of bonds will be conducted if it is determined by the Authority that it would better serve the requirements of a particular financing; and,

WHEREAS, a negotiated transaction would be permitted in circumstances including, but not limited to, the sale of bonds for a complex or poor credit; the development of a complex financing structure, including those transactions that involve the simultaneous sale of more than one series of bonds with each series structured differently; volatile market conditions; large issue size; programs or financial techniques that are new to investors; or, for variable rate transactions; and,

WHEREAS, Trinitas Hospital has entered into a Memorandum of Understanding with the Authority to pursue a revenue bond financing (the "Financing"); and,

WHEREAS, Trinitas Hospital has requested that the Authority consider approving the pursuit of a negotiated sale; and,

WHEREAS, the Financing could be considered a complex or poor credit; and,

WHEREAS, the Financing may be of a complex structure, including the involvement of the simultaneous sale of more than one series with each series structured differently; and,

WHEREAS, market conditions could be considered volatile; and,

WHEREAS, the Financing could be considered as large; and,

WHEREAS, Trinitas Hospital has also requested consideration of a determination that a negotiated private placement sale is the appropriate method of financing; and,

WHEREAS, the Authority's policy states that a private placement would be permitted if, based on a financial analysis, it would be less expensive on a present value basis to complete a private placement; or, if such other circumstances (i.e., credit considerations) would limit effectiveness or usefulness of a public sale; and,

WHEREAS, a private placement, under certain circumstances may be more cost-effective than a public offering; and,

WHEREAS, if the Financing is deemed to be no less expensive on a present value basis through a private placement, Trinitas Hospital is still desirous of pursuing a negotiated sale through the Authority; and,

WHEREAS, Trinitas Hospital has requested an exception to the Authority's practice of requiring a Traveling Investor Letter on negotiated private placements; and,

WHEREAS, the Authority would permit the exception to the Traveling Investor Letter requirement provided that: the Authority receives an Investor Letter from the initial purchaser which includes acceptable indemnification language; the initial purchaser must hold the bonds for a minimum of one year; the bonds are only transferable to qualified or accredited investors and there are appropriate transfer restrictions noted on the bonds and in the documents; the bonds carry minimum denominations of $100,000; and, secondary market disclosure is provided by the Hospital, in a form acceptable to the Authority; and,

WHEREAS, the Authority is desirous of being responsive to Trinitas Hospital's requests; and,

WHEREAS, the aforementioned resolution and justification in support of such resolution must be filed, within five days of its adoption, with the State Treasurer;

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby permits either a negotiated private placement or a negotiated sale on behalf of Trinitas Hospital, depending upon which would better serve the requirements of this Financing, also allowing for the exception to the Authority's Traveling Investor Letter requirement if the noted criteria are fulfilled; and,

BE IT FURTHER RESOLVED, that the Executive Director is hereby directed and authorized to transmit a copy of this Resolution and justification in support of such resolution to the State Treasurer.