Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on December 20, 2012 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following ***Authority Members*** *were in attendance:*
John Calabria, Designee of the Commissioner of Health (Chairing); Maryann Kralik, Designee of the Commissioner of Banking and Insurance; Greg Lovell, Designee of the Commissioner of Human Services; Elisa Charters, Public Member; Dr. Munr Kazmir, Public Member and Suzette Rodriguez, Public Member (via telephone).

The following ***Authority staff members*** *were in attendance:*
Mark Hopkins, Steve Fillebrown, Ron Marmelstein, Suzanne Walton, Michael Ittleson, Carole Conover, Linda Hughes, Bill McLaughlin, Carl MacDonald, Jessica Lucas, Marji McAvoy, Ellen Lieber, Bernie Miller, and Christopher Kulick.

The following ***representatives from the State and/or the public*** *were in attendance:*
Cliff Rones, Deputy Attorney General; Nicole Crifo, Governor's Authorities Unit (via telephone); Kevin Stagg of Christian Health Care Center; Chuck Toto and David Handler of Hawkins Delafield & Wood; Scott Kobler of McCarter & English; and Dr. James J. Kostinas of David Kostinas.

CALL TO ORDER

Executive Director Mark Hopkins called the meeting to order at 10:11 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 24, 2012 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 *Courier Post,* enough in advance to permit the publication of an announcement at least 48 hours before the meeting.

Mr. Hopkins suggested that in the absence of the Authority's Chairperson and Vice Chair, a Chair pro tem should be named. Dr. Kazmir nominated John Calabria to serve as Chair pro tem for the December 20, 2012 meeting and Ms. Charters seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. MM-41

NOW, THEREFORE, BE IT RESOLVED, that, in the absence of the Authority's Chairperson and Vice Chairperson, John Calabria will serve as the chair pro tem for the December 20, 2012 Authority meeting.

1. **APPROVAL OF MINUTES**
   <u>November 15, 2012 Authority Meeting</u>

Minutes from the Authority's November 15, 2012 meeting were presented for approval. Dr. Kazmir offered a motion to approve the minutes; Ms. Charters seconded. Mr. Calabria noted that although he had not attended the last meeting, Mr. Bill Conroy, who had attended, informed him that the minutes were in order and he could vote yes. The vote was unanimous and the motion carried.

2. **BOND SALE REPORT**
   <u>Barnabas Health</u>

Ms. Suzanne Walton informed Members that the Authority signed a purchase contract with J.P. Morgan Securities LLC for the sale of $106,685,000 Series 2012A Bonds on behalf of Barnabas Health on Thursday, November 29, 2012.

A pre-pricing call was initially held on the afternoon of Tuesday, November 27 with the Senior Manager and five co-managers to discuss the structure of the deal, marketing objectives and interest rate levels. A second pre-pricing call took place the following morning with the Authority, Barnabas and JPMorgan to get an update on any changes that may have occurred overnight that could potentially affect the proposed scale. After this call, Barnabas Health went into the market with serial bonds from 2013 to 2018 and 2022 to 2026 with coupons from 2% to 5% and yields ranging from 0.78% to 3.18%. The Authority would run a combined retail/institutional order period for two hours and reconvene at noon to learn the results of the orders.

J.P. Morgan received aggressive investor demand across the scale, with a range of 4 times to as much as 19 times over-subscription on certain maturities. On the wrap up call at noon, the underwriter indicated that the favorable response to the transaction allowed yields to be reduced by 5 to as many as 20 basis points across the curve and made an offer to underwrite the bonds.

The transaction resulted with serial bonds from 2013 to 2018 and 2022 to 2026 with coupons from 2% to 5% and yields of 0.73% to 2.98%. The all-in TIC on the Series 2012A Bonds was approximately 3.13% resulting in net present value savings of $22.24 million, or 18.5% of refunded bonds.

Later that afternoon, Barnabas Health entered the market with a separate, direct issuance of taxable, fixed rate bonds totaling approximately $81 million. The taxable bonds matured in 2028 and priced with a 4% coupon at a yield of 4.35% resulting in net present value savings of $1.9 million or 2.6% of refunded bonds and an all-in TIC of 4.49% compared to the Authority's tax-exempt TIC of 3.13%. Barnabas was able to achieve $24.24 million of net present value savings on the combined financings, or 12.4% of refunded bonds.

Staff was also curious to learn how the Authority's tax-exempt issuance would compare to a comparable, taxable rate issuance. Based on information provided by the underwriter, taxable yields on the earlier serial maturities in 2013 to 2018 would have been .54 to .96 basis points higher and the yields on the 2022 to 2026 maturities would have been .52 to .66 basis points higher than the rates achieved with tax-exempt financing.

Mr. Calabria reminded Members that the presentation had been for information purposes only, and no action needed to be taken.

3. TEFRA HEARING AND EQUIPMENT REVENUE NOTE PROGRAM SALE <u>Christian Health Care Center</u>

Mr. Calabria introduced Mr. Kevin Stagg, Executive Vice President and Chief Financial Officer from Christian Health Care Center. Mr. Calabria announced that the following portion of the meeting would be considered a public hearing in connection with the proposed issuance of an equipment revenue note on behalf of Christian Health Care Center. This hearing is taking place in accordance with the public notice and approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

Mr. Bill McLaughlin informed the Members that Christian Health Care Center is a not-for-profit 501(c)(3) corporation located in Wyckoff, New Jersey. Christian Health Care Center provides a continuum of elder care and mental health services including skilled nursing care, residential care, assisted living, inpatient and outpatient mental health care and medical and social day care. He informed Members that Staff would be requesting approval of a contingent sale of Equipment Revenue Notes on behalf of Christian Health Care in an aggregate amount not to exceed $2,250,000.

The proceeds of the Series 2013 Notes will be used to currently refund the NJHCFFA issued Series 2008 Equipment Revenue Note; to finance and/or refinance a telephone system including hardware, software and a server; to finance and/or refinance computer equipment; and to pay costs of issuance related to the Note.

The Note will be privately placed with Bank of America Public Capital Corp., and will be secured by a first lien on the equipment being financed. The transaction is unrated and will amortize over a five-year period. The Note will bear a fixed rate of interest that will be determined on or prior to the closing date. If the rate was determined as of December 18, 2012, the interest rate would be 2.1493%. Bank of America will provide the Authority with a traveling Investor letter with respect to the issuance and sale of the Note.

Mr. McLaughlin introduced David Handler of Hawkins Delafield & Wood, the Bond Counsel, to present the Note Resolution pertaining to the transaction.

<u>NOTE RESOLUTION</u>
Mr. Handler stated that the Note Resolution authorizes the issuance of $2,250,000 of Equipment Revenue Notes to be designated to Christian Health Care Center Series 2013. The Authority declares that the project, which consists of the current refunding of the Authority's Revenue Notes, Christian Health Care Center Series 2008, the financing of a telephone system and the financing of computer equipment, to be an authorized undertaking of the Authority and directs an Authorized Officer to execute and deliver all documents necessary to enable the Authority to lend the borrower sufficient funds to pay the costs of the project.

The Note Resolution authorizes a Master Financing Agreement, which was previously adopted by the Authority, in connection with the 2008 Notes currently being refunded, at its December 18, 2007 meeting. It additionally includes Schedules 3 and 4 to the Master Financing Agreement, which incorporate specific terms in connection with the Notes, and an Escrow Agreement in connection with the new money portion of the Notes.

The Notes shall be issued on or prior to April 25, 2013 as a single or multiple Notes in the aggregate amount of $2,250,000 and will bear interest at a fixed monthly interest rate, which rate will be calculated on or prior to the date of issuance of the Note, in an amount equal to the three-year United States Treasury Maturity SWAP multiplied by sixty-five basis points plus a co-efficient of 1.8308% and shall mature on the date that is not later than sixty (60) months following the date of issuance thereof and shall be amortized over five years.

The Notes shall be sold to Bank of America Public Capital Corp., the designated purchaser, and shall be payable in consecutive monthly installments of principal and interest commencing in the month following the closing of the Note and continuing to maturity or pre-payment in the terms set forth in the Master Financing Agreement. This Resolution shall be deemed to be and shall constitute a contract between the Authority and the Noteholder and shall take effect ten business days after the delivery of the minutes of the meeting to the governor, or such earlier time that the Governor signs a statement of approval.

Mr. Calabria asked if there were any questions or comments from the public. Hearing none, Mr. Calabria asked the Members' pleasure with respect to the adoption of the Resolution on behalf of Christian Health Care Center. Dr. Kazmir made a motion to approve the adoption of the Resolution on behalf of Christian Health Care Center. Ms. Charters seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. MM-42

> **NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby approves the Resolution entitled, "A RESOLUTION PROVIDING FOR THE ISSUANCE OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY EQUIPMENT REVENUE NOTES, CHRISTIAN HEALTH CARE CENTER, SERIES 2013 IN AN AGGREGATE AMOUNT EQUAL TO $2,250,000."

(*attached*)

Mr. Stagg thanked the Authority and noted that the deal had begun approximately 30-45 days earlier. He acknowledged the tremendous work of Ms. Walton, Mr. McLaughlin, Mr. Hopkins and all Authority Staff in their ability to turn the transaction around so quickly and enable Christian Health Care Center to go from a rate of 3.65% to a rate of almost 2%.

Mr. Calabria then closed the public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended regarding the proposed financing on behalf of Christian Health Care Center.

4. **AMENDMENTS TO THE 2013 AUTHORITY BUDGET**
   a. **Bankruptcy Fees/Costs Line Item**

Mr. Michael Ittleson informed Members that the three amendments that Staff was asking the Members to consider would result in total budgeted expenditures increasing from $3,666,371 to $3,776,986 which is an increase of $110,615.00.

The total percentage increase in expenditures for 2013 compared to the 2012 amended budget will be 3.03% and total anticipated income over expenses will now be $34,803 down from $145,418.

Regarding the first two amendments that Mr. Ittleson would be presenting, they will result in total contractual services increasing from $280,858 to $366,358, or an increase of $85,500.

The first amendment is for the appropriation in the amount of $72,500 to the Bankruptcy Fees and Costs line item. At the Authority's meeting on November 15, the Members approved the hiring of MR Valuation Consulting to appraise the Saint Michael's Medical Center properties. The firm was chosen based on their response to an RFP. Based on their proposal and the executed contract, the fee for the appraisal is $72,500.

Therefore, Staff asked the Members' consideration in amending the 2013 cash budget under the category Contractual Services within the line item Bankruptcy Fees and Costs in the amount of $72,500.

Ms. Charters made a motion to amend the Authority's 2013 budget in the amount of $72,500 in the category of Contractual Services within the Bankruptcy Fees/Costs line item. Dr. Kazmir seconded the motion. The vote was unanimous and the motion carried.

AB RESOLUTION NO. MM-43

> **NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby amends the Authority's 2013 budget in the amount of $72,500 in the category of Contractual Services within the Bankruptcy Fees/Costs line item.

   b. **Special Tax Counsel Line Item**

Mr. Ittleson informed Members that the second request is for the carryover of $13,000 from the line item Special Tax Counsel. At the Authority's meeting back on March 22, the Members approved the hiring of special tax counsel to determine if there were any tax or other consequences related to the bonds still outstanding from the Bayonne Hospital 1994 and 1998 bond issues as a result of the institution being bought by a for-profit entity dating back to 2008. The matter has not been completed and as such the Authority has not received any invoices, thus requiring the need to carry over the $13,000 from the 2012 budget to the 2013 budget.

Mr. Ittleson asked the Members' consideration in amending the 2013 cash budget under the category Contractual Services within the line item Special Tax Counsel in the amount of $13,000.

Dr. Kazmir made a motion to amend the Authority's 2013 budget in the amount of $13,000 in the category of Contractual Services within the Special Tax Counsel line item. Ms. Rodriguez seconded the motion. The vote was unanimous and the motion carried.

AB RESOLUTION NO. MM-44

> **NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby amends the Authority's 2013 budget to permit an increase of $13,000 in the category of Contractual Services within the Special Tax Counsel line item.

c. Reorganization

Mr. Mark Hopkins informed Members that he would be requesting a reorganization of Authority Staff and an amendment to the budget to reflect the resulting changes in titles and job duties. The total requested increase to the 2013 budget is $25,115 consisting of a $23,330 increase in salaries and $1,785 increase in payroll taxes. Significant changes at the Authority have required a reorganization and assignment of new duties to seven employees. The reorganization and increase in duties is largely a result of the Authority taking on numerous additional projects over the last four years. The specifics of the individual changes in titles and job duties along with the recommended salary increases was provided in the sealed packets mailed to Authority Members with the meeting materials.

Most of the new duties have resulted from an expansion of the Authority's work for the Department of Health. The Authority provides significant support for the Department's Hospital Early Warning System by compiling, analyzing and reporting monthly, quarterly and annual financial and utilization information for the Department. He reminded Members that the System came out of the Reinhardt Commission. The Authority also provides the service of actively and regularly communicating with executives at hospitals that have financial indicators that trip certain Early Warning System triggers. The Authority also supports the Department's Stabilization Grant Program by assessing the grant requests, regularly communicating with hospital executives, and attending the governing body meetings of the health care organizations that receive Stabilization Grants.

The Authority also assisted in the creation of an Early Warning System for Federally Qualified Health Centers ("FQHCs") and has started compiling, analyzing and reporting on quarterly financial and utilization data gathered from the FQHCs. The Authority is also providing support for the Delivery System Reimbursement Incentive Pool ("DSRIP") which is replacing the former Hospital Relief Subsidy Pool under the State's Medicaid global waiver.

The Authority is also the grant recipient, on behalf of the State, for the federal Health Information Technology Grant for regional exchanges; as such it monitors compliance of the grant sub-recipients with the federal requirements, oversees their budgets, reports progress and changes, receives and distributes the grant funds, monitors expenditures and handles the federally required single audit for the grant funds.

The Authority has also been required to add duties from new regulatory schemes which are an outgrowth of legislation, such as the Sarbanes Oxley Act and the Dodd-Frank Act, as applied through underwriters and bankers to the Authority by regulatory bodies such as the Municipal Securities Rulemaking Board, the Securities and Exchange Commission and the Financial Industry Regulatory Authority. Finally, new Executive Orders from the Governor and changes to, or new interpretations of, State ethics laws and the Open Public Records Act have added further duties to Authority Staff Members.

As a result of the aforementioned, Mr. Hopkins proposed to formally recognize the increase in duties and raise salaries commensurate therewith. There were seven proposed increases requested totaling $23,330, which is 1.33% of the total Authority salaries. Even with these increases, the Authority's 2013 salary budget will still be 2.7% lower than last year. As Mr. Ittleson mentioned earlier, with the other two budget amendments considered earlier, the Authority's total budget is projected to increase 3.03% in 2013. Total income is expected to be $3,811,789, total expenses are expected to be $3,776,986 and income over expenses is expected to be $34,803.

The Authority, which relies for funding on the fees it charges its borrowers, continues to prioritize operating efficiently and economically while providing valuable services for its health care organization clients. As evidence of that, from 2005 through 2012, while bond issuance volume increased significantly and the consumer price index increased about 20%, the Authority reduced its total expenses .13%, reduced total salaries (without reducing staff) by .63% and reduced fees to borrowers by about 53% (based on an average transaction of $92 million).

Mr. Hopkins asked the Authority Members to consider an Authority reorganization and resultant salary and payroll tax increases of $25,115. He requested that if there were any questions about individual Staff Members, that those questions be considered in Executive Session.

Dr. Kazmir made a motion to amend the Salary and Fringe Benefits line items in the Authority's 2013 budget to reflect the reorganization of job duties. Ms. Charters seconded the motion. The vote was unanimous and the motion carried.

AB RESOLUTION NO. MM-45

NOW, THERFORE, BE IT RESOLVED, that the Authority hereby amends the Salary and Fringe Benefits line items in the Authority's 2013 budget to reflect the reorganization of job duties.

5. MODIFICATION TO THE QUALIFIED BANKERS LIST

Ms. Suzanne Walton reported that Estrada Hinojosa & Company, Inc. has requested to be added to the list of approved Authority bankers as a Senior Manager and Co-Manager. Estrada Hinojosa is a Hispanic-owned Minority Business Enterprise that specializes in public finance and provides municipal underwriting and financial advisory services. The firm is headquartered in Dallas, Texas and maintains offices in New York, Chicago, Austin, Houston, Miami, Phoenix, San Antonio and San Diego. It currently employs 35 investment banking professionals, two of whom are located in the New York City office and would assist the Authority with its financing needs. While the firm has not distributed or provided secondary market support of New Jersey bonds to date, they have experience in health care financings. The firm has a total capitalization of $5.3 million with $4.4 million of excess net capital which they indicated will provide them with an underwriting capacity of up to $63 million.

Within the last six months, the firm underwrote a $158 million refunding on behalf of an acute care hospital located in Dallas, Texas and served as co-manager on numerous transactions for state and local governments.

At this time, Staff suggested the inclusion of Estrada Hinojosa on the Authority's approved list in the role of both Senior and Co-Manager, with the understanding that the Executive Director initially appoint a Co-Senior Manager on the first senior managed transaction to which they may be assigned.

In response to a question from Ms. Charters about the process for adding new firms to the Qualified Bankers List and the marketing to new firms, Ms. Walton stated that in the past, the Authority would issue a request every two years for new firms. In response to feedback from firms who did not want to wait, the Authority has changed its policy and firms can now apply anytime and information for that is available on the Authority's website. Ms. Walton added that there are currently approximately 50 firms on the list. Typically, when a banking professional who has worked with the Authority moves to a new firm, they will submit a request for their new firm to serve on transactions. For instance, the point person with this firm, Steve Edie, had worked with Cabrera and had business relationships with the Authority in the past. In regards to outreach, Ms. Walton stated that the Authority has made an attempt to send RFPs and to include information in newsletters to reach out to minority-owned firms. This year, the Authority has added military firms and is now hoping to add this minority-owned firm.

Ms. Walton noted that every two years the Authority asks firms to update their qualifications and in response to a question from Ms. Charters, said there could be a new refresher RFP issued. Mr. Hopkins added that in the past, RFPs were sent out on a regularly scheduled periodic basis, but the last time that happened was about five years ago, so it is beyond time to invest in a new advertisement. Mr. Ittleson noted that information to join the Qualified Bankers List is also available on the State's Business Opportunities website.

Ms. Charters noted that Estrada Hinojosa stated they were able to underwrite up to $63 million in bonds which seems low compared to other banking firms. She asked if the RFP that would be issued could include a notation that smaller firms could syndicate with other larger firms. Ms.

Walton confirmed that this would happen and added that in every transaction the Authority does, in the pre-pricing calls it is always asked if there is a need for a retention group or a syndicate.

Dr. Kazmir moved to approve adding Estrada Hinojosa to the Authority's qualified bankers list as a Senior Manager and Co-Manager. Ms. Rodriguez seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. MM-46

> **NOW, THEREFORE, BE IT RESOLVED,** that the Authority add Estrada Hinojosa to the Authority's qualified bankers list as a Senior Manager and Co-Manager.

6. APPROVAL OF EXPENSES

Mr. Calabria referenced a summary of Authority expenses and invoices. Dr. Kazmir offered a motion to approve the bills and to authorize their payment; Ms. Charters seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. MM-47

> **WHEREAS,** the members of the Authority have reviewed the memoranda dated December 12, 2012, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of $48,516.50 and $144,056.41 respectively, and have found such expenses to be appropriate;
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> **NOW, THEREFORE, BE IT RESOLVED,** that the members of the Authority hereby approve all expenses as submitted, and authorize the execution of checks representing the payment thereof.

7. STAFF REPORTS

Mr. Calabria thanked staff for the Project Development Summary, Cash Flow Statement and Legislative Advisory reports.

Mr. Hopkins then presented his Executive Director's report noting the following items to Members:

1. Mr. Hopkins reminded the members of the Audit Committee, Mr. Conroy, Ms. Kralik and Mr. Feeney, that there is an Audit Committee meeting on Wednesday, January 9 at 10:00 a.m. to discuss the audit with the auditors, in accordance with the requirements of Executive Order #122 (McGreevey).

2. The next regularly scheduled Authority meeting will be held at the Authority office on Thursday, January 24 at 10:00 a.m.

3. Kay Fern, a former Executive Director of the Authority, has announced that she will be closing down her financial advisory firm, Evergreen Financial Services, at the end of the year. Evergreen served primarily hospital clients in New Jersey. She cited the decline in deal volume and increased consolidation in the hospital industry as the reasons for closing.

4. Governor Christie vetoed a bill establishing a state-run health insurance exchange designed to be created under the Patient Protection and Affordable Care Act. The Governor cited a lack of details on the cost from the federal government as the reason. As a result, the federal government will run a health insurance exchange for New Jersey for the time being. However, New Jersey is not precluded from creating its own state-run exchange in the future, a possibility Governor Christie has not ruled out.

5. The IRS has issued a "Notice of Proposed Issue" detailing the concerns it has about the Authority's 1993 bonds issued on behalf of Deborah Heart and Lung Center. The notice suggests that the IRS may believe that the bonds are not tax-exempt as a result of a subsequent "total return swap" which, it suggests resulted in a reissuance of the bonds. The IRS has requested more information from the Authority. The Authority is being represented by Jeffrey Kramer of DeCotiis, FitzPatrick & Gluck. Deborah is being represented by Gary Duescher of McCarter & English. The notice was disclosed on the EMMA website by Deborah's counsel pursuant to its duty to disclose any material changes in the status of the bonds or the institution.

6. Reportedly talks on avoiding the fiscal cliff have actively included reducing or eliminating tax-exemption on certain bonds. An article from the Wall Street Journal on the subject was provided to Members.

7. Hospital News

a. St. Mary's Hospital in Passaic and St. Michael's Medical Center in Newark have separately entered into Letters of Intent to be acquired by Prime Health Care Services, a for-profit health system with over twenty hospitals in California, Nevada, Texas and Pennsylvania. Due diligence is underway and definitive purchase agreements are expected by mid-January. The sales will be subject to Certificate of Need review by the Department of Health and the Community Healthcare Assets Protection Act by the Attorney General's office. The Authority has engaged an appraiser to appraise the St. Michael's campus. The Appraisal should be completed by December 31.

b. Hackettstown Regional Medical Center is reportedly seeking to be acquired and has interest from Ascension Health Care Network, Atlantic Health System and reportedly Hackensack University Medical Center.

c. St. Clare's Health System's parent, Catholic Health Initiatives, has announced that it has ended negotiations with Ascension Health Care Network for the acquisition of St. Clare's. CHI will be pursuing other potential purchasers. Ascension had also shown interest in St. Mary's and St. Joe's, but then stepped away.

d. The Department of Health approval to reopen the former Pascack Valley Hospital in Westwood was upheld by a New Jersey appeals court, rejecting claims made by Englewood Hospital and Medical Center and Valley Hospital that the decision was arbitrary and capricious and had procedural deficiencies.

e. Somerset Medical Center held a ribbon-cutting for its Edward & Anita Hogan Neuroscience Pavilion on November 7. The $3.5 million pavilion on the fourth floor of the hospital was funded entirely by donations from philanthropists and the community.

f. Robert Wood Johnson University Hospital in New Brunswick, in collaboration with the Robert Wood Johnson Medical School, has become the first hospital in New Jersey to achieve the American College of Surgeons designation as a Pediatric Trauma Center.

g. Dan Deets has retired as Vice President and Chief Financial Officer of Hunterdon Medical Center. He will be succeeded by Gail Kosyla, who has an MBA/MS from Temple University and previously worked as a finance executive for Catholic Health East's St. Mary Medical Center in Langhorne, PA and St. Francis in Trenton.

h. Dr. John Brennan, who had announced in early November that he intended to become Chief Executive Officer at Cleveland's MetroHealth, has changed his mind and decided to remain as CEO of Newark Beth Israel Medical Center, which is part of Barnabas Health.

i. Robert Wood Johnson University Hospital Hamilton has named Patricia Palmieri, RPh, MBA, as Chief Operating and Strategy Officer. She was previously Vice President of Operations at RWJUH in New Brunswick.

j. Hackensack University Medical Center has been named to The Leapfrog Group's list of Top Hospitals for the third year in a row. It is the only hospital in New Jersey to achieve the honor for three straight years. Leapfrog's top hospitals are its ranking of the top six percent of hospitals in the United States.

k. In ratings news: (i) Standard & Poor's recently downgraded bonds issued by the Authority on behalf of St. Peter's University Hospital in New Brunswick from BBB- to BB+, the outlook is stable; (ii) the Authority's 2012A bonds for Barnabas Health were rated Baa1 by Moody's with a stable outlook; (iii) Fitch has affirmed its B rating for the Authority's 1993 bonds issued on behalf of Deborah Heart & Lung Center; (iv) recent bonds issued elsewhere on behalf of Catholic Health East were rated A2 by Moody's; (v) Standard & Poor's recently commented that the proposed merger between Catholic Health East and Trinity Health has not affected their credit ratings yet but warned that the consolidation "would likely result in a credit with a weaker rating than Trinity's AA rating"; (vi) Moody's noted financial improvements at St. Joseph's Healthcare System but assigned a rating of Ba1, the same as last year, to the Authority bonds issued on St. Joseph's behalf, with an outlook of stable.

l. Mr. Hopkins provided articles on the expected explosion of Accountable Care Organizations in 2013 including one in Trenton, as well as a new trend in transitional care to reduce hospital readmissions, both resulting from health care reform.

8. Authority News

In keeping with the season of giving, the Authority Staff selects one charity to make donations to each December. This year the Authority staff has made a donation of games, clothing and personal grooming supplies to the Auxiliary of the Trenton Psychiatric Hospital for the patients' use.

9. Mr. Hopkins thanked the Authority Members and the Authority Staff for their diligence and dedication all year and wished everyone Happy Holidays and health and happiness in the New Year.

This concluded the Executive Director's report.

As there was no further business to be addressed, following a motion by Dr. Kazmir and a second by Ms. Charters, the Members voted unanimously to adjourn the meeting at 10:47 a.m.

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF MINUTES OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY MEETING HELD DECEMBER 20, 2012.

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Carole A. Conover, Assistant Secretary