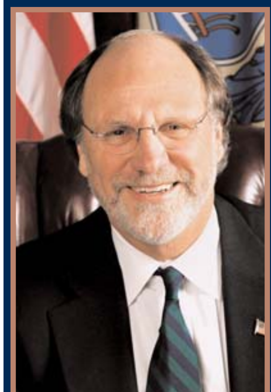
NJHCFFA
NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY

AUTHORITY NOTE$

Winter '07-'08

FROM GOVERNOR JON S. CORZINE



It's an unfortunate event when the health care providers are the ones who ail. Unfortunately, many of New Jersey's hospitals are doing just that, as their financial reserves diminish, some have no reserves at all. Yet in this time of strife, the New Jersey Health Care Facilities Financing Authority has remained a beacon for its borrowers, providing numerous and creative ways to help ensure that New Jerseyans have access to health care facilities.

Ever expanding beyond its initial role as a conduit issuer, in the last year alone, the Authority has found new ways to loan funds to hospitals in dire need, helped to rewrite the Hospital Asset Transformation Program's legislation to provide more flexible assistance for the reorganization of New Jersey's health care delivery system, and financially and logistically supported the *Commission on Rationalizing New Jersey's Health Care Resources*.

The Authority has long been driven by the physical improvement of our hospital facilities and equipment. As the banking industry became more sophisticated, the Authority increased its role in helping health care organizations to restructure debt through cost-saving issues. Now it can also be said that the Authority has directly helped to keep hospital doors open through short-term assistance during times of transition.

It is easy for government to look strong and effective in times of affluence, but it's times of strife that reveal the true leaders. In this trying time, I am thankful and proud to have the Authority working with my Administration as we seek to heal the healers in New Jersey. §

NJHCFFA POLICY OVERHAUL:
Out with the Old, In with the Better

Over the years, borrowers have come to the Authority asking for certain policies to be waived, often with circumstances that well justify the request. When the same Authority requirements began to come into question repeatedly, staff decided it was time review those policies to see if they could be updated to better fit the needs of the current market and borrowing community. In June, the Authority held a special two-day retreat for just that purpose.

"With an ever-changing health care finance landscape and several new Authority Members, we wanted to give the Members a fresh opportunity to hear from the borrowers, bondholders, underwriters and lawyers involved in health care finance and to allow the Members to reexamine the Authority's stand on a number of issues," said Mark Hopkins, Executive Director.

The Authority's staff and Members gathered in Woodbridge along with three expert guests to provide counsel and insight. The guests, specifically chosen for their experience in the industry and with the Authority, included:

➪Michael Irwin - Citigroup Global Markets, Inc. (underwriter experience including health care, was also previously employed by the Authority)
➪Scott Kobler - McCarter & English, LLP (bond, borrower, and underwriter counsel experience in health care and other areas)
➪Chuck Toto - Hawkins Delafield & Wood (bond, borrower and underwriter counsel experience in health care and other areas)

It should be noted that the two law firms are not currently on the Authority's approved bond counsel list, negating any conflict concern.

In addition to an overview of the Authority's business and open discussion of Authority policies and procedures, staff specially crafted a meeting format that included an open forum to hear from key industry players.

Left: Michael Irwin, Chuck Toto and Scott Kobler, the three expert guests of the retreat;
Right: Sean Hopkins speaking on behalf of NJHA

The testimony, which addressed the Authority's five "hottest" hot-button items (Mortgage & Title Insurance, Derivatives, Captives & Self Insurance, Remedies for Covenant Defaults, and Authority Fee Structure), was provided by Sean Hopkins of the New Jersey Hospital Association and Jerry Solomon of the National Federation of Municipal Analysts. Cheryl Cohen of the NJ Healthcare Financial Management Association also attended. Dr. Rick Goldstein of the NJ Council of Teaching Hospitals, Suzanne Ianni of the Hospital Alliance of NJ, and Joe Rosenblum of Alliance/Bernstein had also been invited to speak but

(continued on next page)

MESSAGE FROM THE EXECUTIVE DIRECTOR

The Authority has seen a roller-coaster of activities recently, bouncing between excited anticipation of the largest financings in our history and wading undeterred through the struggles of New Jersey's poorest hospital credits in years.

In the coming months, the Authority expects to close on its largest transaction yet, an expected $600 million financing on behalf of Virtua Health, Inc. for the construction of a new hospital.

Prior to this, the Authority's largest transaction was for about $458.5 million, issued on behalf of Saint Barnabas Health Care System (1998). The next highest was issued on behalf of Meridian Health System (1999) for approximately $248 million.

In the 2005, the Authority issued only $441 million in bonds when combining all of its financings; in 2004 that number was just slightly higher at about $507 million.

Further, the Authority has a $500 million project in the works on behalf of Capital Health System, and a $260 million transaction being structured on behalf of St. Joseph's Hospital & Medical Center. Also, in November, the Authority approved a $258 million project on behalf of Meridian Health System, and a $200 million project is being structured on behalf of Robert Wood Johnson University Hospital. The Authority is seeing record-breaking numbers this year.

However, where there's ups, there's downs, as we are reminded by several recent hospital bankruptcies, with many other hospitals in financial difficulty.

I must admit, while the excitement of another large transaction wanes with each new one, the struggle and strain of our troubled health care providers stings each worse than the last. I've been spending many days in bankruptcy court waiting to see if there is any way we can feasibly provide help to ailing hospitals. It is never a comfortable scene.

It is my hope that time, the lessons learned from these struggles, and this Administration's creative solutions (some implemented, others being sought) will help to turn the tide for our troubled hospitals. Until then, the Authority will do what it can to help those in need, and relish the successes, large and small, along the way.§

NJHCFFA POLICY OVERHAUL

(continued from previous page)

Retreat roundtable of Members, guests & staff

declined. In addition, written testimony was provided in advance by Karen Lumpp of Atlantic Health System.

The testimony occurred at the end of the first day and provided great insight from both the borrower and investor viewpoint. On the second day of the retreat, Members frequently referenced the testimony as they considered how to best modify Authority policies and which ones should be kept as is.

Vice Chair Gus Escher

"The retreat was a great opportunity to learn from the professionals in the field and the borrowers we serve. In a sense, it was a forum for us to check on how well we are doing as an Authority," said Public Member and Vice Chair, Gustav Edward Escher, III.

By the end of the retreat, staff received directives on sixteen different policies, and at the following Authority meeting (June 28, 2007), thirteen policy-updating resolutions were passed. ***For further detail on these updates, see page 3.*** §

Treasurer Moshe Cohen and Executive Director Mark Hopkins listen to testimony

NJHCFFA CHANGES FEE STRUCTURE, SAVES MONEY FOR BORROWERS

On December 15, 2005, the Authority completely overhauled its fee structure to ease costs for its borrowers. Though the new format produced the desired result of reducing most and eliminating some borrowing fees, time revealed areas that could still be improved. At the Authority's June 2007 retreat, Members and staff "worked out the kinks" to produce a refined fee structure that addresses some of the previous structure's inconsistencies and further reduces the cost of borrowing for many Authority borrowers.

The primary focus of the new structure bases ongoing fees on the borrower's outstanding principal amount, as opposed to the previous format which continuously charged on an issue's original par amount. (It should be noted that a minimum of $2,500 will be charged.)

Two other key improvements include more reasonable charges for multiple series transactions and less duplicate charges for issues that refund Authority bonds.

"Most importantly, we wanted to be fair," says Director of Operations and Finance Jim Van Wart of the new structure. "If the Authority is charging a fee to issue a series of bonds, and a second series requires less work on staff's part, then the borrower should be charged less for that second series.

"Further, when a borrower issues bonds through us to refund outstanding Authority bonds, that borrower can now benefit from a lesser fee for that second issue," continued Mr. Van Wart. "A lot of the changes just seemed to make sense."

The new fee structure will go into effect on January 1, 2008. No borrower will experience an increase in fees as a result of the new structure. Borrowers can only benefit, and staff expects most will be pleased when they receive their first billing for the new year.

A detailed description of the new fee structure is on page 7. §

Policies updated at the June meeting in response to the retreat:

Electronic OS Dissemination

Staff is working with the Attorney General's Office to formulate proper disclaimer language that can be used in conjunction with electronic access to an Official Statement. However, until the SEC rules otherwise, purchase of an Authority bond in the primary market still requires the delivery of a hard copy official statement.

Global Authorization to Identify Forward Hedging Agreements

A Global Resolution now permits an authorized officer of the Authority to identify forward hedging agreements for anticipated bond transactions without requiring a separate board action.

Bond Sale Contingencies

Members will consider requests for a waiver from the general Authority policy stating that all approvals be in place before a bond sale, when a borrower demonstrates a hardship (not of the borrower's own making) and submits an appropriate request.

Derivatives

Staff organized a collective industry Derivative Working Group to create a policy regarding borrowers' use of derivative products. Until such a policy is instituted, borrowers using derivatives are required to: list active swaps and when they were engaged, provide information on the swap advisor and a quarterly balance of the swaps, and outline a derivative policy.

Requirements for Captive and Self-Insurance Entities

Staff is coordinating an ad hoc committee to determine the best way to evaluate the financial soundness of a borrower's self-insurance and captive entities. In the meantime, the requirement for an A.M. Best rating is waived, and all new issues will include certain disclosure language. New self-insurance and captive programs created by Authority borrowers still require the Members' approval.

Remedies for Covenant Defaults

In order to obtain a progressive series of remedies, the Authority will add language to the Loan Agreement that enables staff to interact with a borrower's board representatives rather than relying on management to facilitate such interaction.

Fee Schedule

Details of the fee changes are on pages 2 and 7.

Permission for a Private Placement

Procedures to Implement Executive Order No. 26 under Method of Sale will be modified to state: "A private placement would be permitted if, based on an analysis by the borrower, a private placement would be more beneficial to the borrower than a public sale, and the borrower provides, in writing to the Authority, the reason(s) for the use of a private placement."

Investor Letter Requirement

For private placements where the borrower agrees to provide an initial disclosure document and continuing secondary market disclosure, the Authority requires an Investor Letter, however, the letter will make no reference to indemnification of the Authority or the need for similar investor letters from future bondholders. Failure to provide these two forms of disclosure requires that the Investor Letter include either indemnification from the initial purchaser or the requirement for a traveling investor letter.

Financial Feasibility Study Requirement

The Authority will no longer require a feasibility study, ackowledging that the underwriter or placement agent will likely require the borrower to obtain one if it is felt that such a study is needed to sell the bonds.

Executive Order No. 26 Compliance

The Authority's Qualified Bankers List will have open enrollment, allowing firms to submit Statements of Qualifications at any time. Qualified firms may also apply for status changes at any time. The Authority will advertise Requests for Qualifications every two years, though firms already listed need not reapply.

Good Faith Deposits

On standard Authority transactions, Good Faith Deposits will no longer be required. However, in the event that the Authority acts as the issuer for State-related issues (i.e. Greystone), or there is a State contract (i.e. HATP bonds), the Authority will be guided by the Treasurer or Office of Public Finance.

Mortgage & Title Insurance

The Mortgage and Title Insurance requirement was revised as follows:

1. For enhanced issues and issues sold privately, the question of mortgages and title insurance shall be up to the enhancer or purchaser.

2. Unenhanced issues rated at least "A3/A-" do not require a mortgage but do require a negative pledge recorded at closing.

3. Unenhanced issues with a rating below "A3/A-" (or unrated) require a mortgage.

4. For borrowers with existing bonds secured by a mortgage, any new issue must be secured on parity.

5. When a mortgage is provided as security, title insurance is required equal to the bonds less the debt service reserve fund.

6. Borrowers may request a waiver when circumstances would cause hardship or inequity. The waiver should include underwriter input, financial condition, and experience and strength of management, among other things.

7. Proper disclosure must be provided in the offering document. §

NJHCFFA STAFF NOTES

Dennis Hancock (top) and Priscilla Copper (bottom) receiving their milestone recognition from Executive Director Mark Hopkins.

Congratulations to **Priscilla Copper** and **Dennis Hancock**, both of whom celebrated the big "2-0" marking twenty years of employment with the Authority.

Ms. Copper, the Authority's Database Administrator & Administrative Assistant marked her twentieth year in September. Ms. Copper's duties include maintaining numerous Authority databases, as well as serving as an information contact between the Authority and the hospitals. Her organization and management of APOLLO helps to transform the data into a valuable resource for the Authority, the Department of Health and Senior Services, and New Jersey's network of hospital financial executives. The Authority's seamless monitoring process is, in part, due to Ms. Copper's continued commitment to her role with the Authority.

Though Mr. Hancock celebrated his 20 year milestone in November 2007, he actually joined the Authority in November of 1978 as Director of Financial Management. In the fall of 1983, Mr. Hancock left the Authority to become an investment banker, first working for Van Kampen Merit, Inc., and then William E. Simon & Sons. In November of 1992, Mr. Hancock returned to the Authority first as Senior Project Manager, and remained through his current position as Director of Project Management and Deputy Executive Director. During his tenure, Mr. Hancock has served as Acting Executive Director three times, during leadership transitions.

Staff is proud to have dedicated individuals such as Ms. Copper and Mr. Hancock in the workplace.

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Jessica Waite

The Authority staff would like to announce the addition of **Jessica Waite** to its staff. Ms. Waite joined the Division of Operations and Finance as the Authority's newest Administrative Assistant on July 31, 2007. Ms. Waite lives in Bordentown and is a Business Administration student at Burlington County College. At the Authority, she fills the vacancy left by Barbara Koozin, who recently relocated to the State of Colorado.

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Anthony M. Gennari, Assistant Account Administrator at the Authority, has announced his plans to retire after approximately eight years with the Authority. "Tony" Gennari, who played professional basketball for twelve years in Italy before a career-ending injury, is considering returning to this past passion in his retirement. Post-employment, he plans to divide his time between New Jersey, where his children and grandchildren reside, and Florida, where he would like to substitute teach and coach the sport he loves. November 30, 2007 was his final date at the Authority.

Anthony M. Gennari

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In late September, **Steve Fillebrown** (Director of Research, Investor Relations and Compliance) attended the Annual Joint Conference of the National Council of Health Facilities Finance Authorities and the National Association of Higher Educational Facilities Authorities, held in Portsmouth, New Hampshire.

Steve Fillebrown

At the conference, representatives from the two conduit sectors annually combine knowledge and experience to discuss overlapping concerns affecting both the health care and educational facilities financing industries. At this event, crossover issues included: tax matters, corporate trustee matters, and congressional legislative updates. Attendees also participate in break-off sessions specific to health care matters.

At the time, Mr. Fillebrown served on the National Council of Health Facilities Finance Authorities' Board of Directors. His tenure has since expired.

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Authority staff members are often asked to share their insight through presentations at various conferences and seminars throughout the year. In October, **Steve Fillebrown** spoke at the Tenth Annual New Jersey Institutional Investors conference, held at the New Jersey Performing Arts Center in Newark.

If you would like more information about the presentation, or would like an Authority representative to present at an event of your own, please contact: Stephanie Bilovsky, NJHCFFA Communications Department, sbilovsky@njhcffa.com.

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Neetu "Nikki" Thukral

CORRECTION: The staff list of the 2006 Annual Report erroneously excluded Asst. Account Administrator Neetu Thukral. Ms. Thukral is still with the Authority; we regret the unfortunate omission. §

AtlantiCare's City Division expansion (in Atlantic City) as of June 2007: Left - pedestrian walkway bridge from the garage to the Harmony Pavilion; Right - The new 7-story Harmony Pavilion.

FINANCING NOTE$

On June 7th, the Authority closed a $113,420,000 transaction on behalf of **AtlantiCare Regional Medical Center** ("AtlantiCare"). The proceeds were used, in part, to advance refund $36,775,000 of AtlantiCare's Series 2002 Bonds. Through this refunding, AtlantiCare will save approximately $2 million, or 5.57% of the refunded principal.

The proceeds were also used to currently refund two loans that had been issued through the Authority's Capital Asset Loan Program ("CAP") in 2000 and 2005, amounting $3,750,013 and $19,920,510, respectively. The refunding and re-amortizing of the two CAP loans, combined with the interest rate on the Series 2002 Bonds, allowed AtlantiCare to borrow approximately $50 million of new money through this transaction, without any increase to its current maximum annual debt service.

With the new money proceeds, AtlantiCare will construct and equip a seven-story addition, known as the Harmony Pavilion, and renovate various areas of its City Division facility in Atlantic City. Proceeds will also be used to construct a bridge connecting the city hospital to the parking garage and to acquire equipment.

Rated "A+" by S&P and Fitch and "A2" by Moody's Investors Service, the bonds received an all-in interest rate of only 4.803%. Wachovia Securities served as senior manager for the transaction, Windels Marx Lane & Mittendorf served as bond counsel, and Commerce Bank served as the trustee.

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On November 15th, the Authority approved what would be its second largest bond issuance to date in a transaction that was approved not to exceed $258 million on behalf of **Meridian Health System** ("Meridian"). The entire issue will be used for large-scale projects.

Together with hospital equity, the proceeds of the bonds will be used to:

- Construct and equip the 213,000 square foot Northwest Pavilion on the Jersey Shore University Medical Center campus, consisting of a new emergency department and trauma center, three new nursing units, an additional 36-bed shell space for future capacity needs, and connection to a new atrium lobby and patient entrance;
- Construct and equip an approximately 109,000 square foot diagnostic and treatment building consisting of six new surgery suites, a new kitchen and dining area, a loading dock, and a new sterile processing department;
- Renovate, expand and upgrade existing clinical and outpatient areas including the pavilion in the ambulatory care center and emergency department;
- Add six pediatric beds and eleven maternity beds to the inpatient areas, thirteen bassinets to the neonatal intensive care unit, two new electrophysiology procedure rooms, and a new cardiac catherization suite;
- Expand and enhance the radiology, pharmacy and laboratory departments;
- Acquire major moveable equipment including a new MRI, CT scanner and diagnostic imaging equipment; and,
- Pay capitalized interest on a portion of the Series 2007 bonds, as well as costs of issuance.

Meridian expansion construction site

The bonds will be sold as a public offering of multi-modal bonds, initially issued as Auction Rate Securities. Bond insurance for the transaction, provided by Assured Guaranty, resulted in "AAA" ratings from S&P, Moody's and Fitch.

Windels Marx Lane & Mittendorf served as bond counsel for the transaction, The Bank of New York was Trustee, and UBS Securities LLC was the Broker-Dealer for the bonds. The transaction is expected to close on December 13th.

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Rendering of the Meridian expansion from the southwest perspective

CAPITAL ASSET LOAN PROGRAM

The Capital Asset Loan Program ("CAP") is designed to take advantage of bonds issued prior to tax law changes made in 1986. Loans under the program are continuously repaid, making fresh funds available for other health care organizations in need of capital. CAP funds remain in a Project Fund that was established in 1985, and when a CAP loan is approved, the money is earmarked for the borrower's project. As existing borrowers repay CAP loans, the money recycles back into the Project Fund. JPMorganChase is the credit and liquidity provider for the CAP Series A-D.

On June 29, 2007, the Authority closed a $5 million CAP loan on behalf of **Palisades Medical Center**. The proceeds will purchase capital equipment, finance minor building improvements and pay the related financing costs. Palisades General Care, Inc. and Palisades Medical Center comprise the Obligated Group responsible for the repayment of this debt.

JPMorganChase performed an independent credit analysis and approved the loan subject to the borrower providing a note under their existing master trust indenture. The note will be secured by a parity position with the existing Series 2002 bondholders, which includes a pledge of gross receipts and a mortgage.

Palisades Medical Center's first interest payment for the CAP loan was due in August with an initial rate of 3.66%. The loan's final maturity is July 1, 2014.

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Entire working group for the Cooper CAP loan *-- Left to right: Jonathan Lichtenstein (Cozen O'Connor),Matt Doonan (Cooper), William Mayer (DeCotiis, Fitz.), Mae Jeffries-Grant (Authority), John Gates (Cooper), Suzanne Walton (Authority), John Newcome (Cooper), Bruce Rosenberg (Winne, Banta, Heth.), Ron Marmelstein (Authority), Joseph Matz (Bank of NY), Judy Bruemmer (JPMorgan Chase), Michelle Loucopolos (Hawkins, Delafield); and Neetu Thukral (Authority).*

On October 10th, the Authority closed a $5,225,000 CAP loan on behalf of **Cooper University Hospital**. This was an exciting day for the Authority because, with over 140 borrowers in its history, Cooper was one of the few acute care hospitals in the state with which the Authority had yet to do business.

Left to right: John Gates, Ron Marmelstein, John Newsome, Suzanne Walton, and Judy Bruemmer at the CAP closing

Since Cooper Health System is located in Camden, it traditionally issued bonds through the Camden County Improvement Authority. However, the proceeds of this loan would be used to finance leasehold improvements at a Burlington County facility, which falls outside the jurisdiction of their usual conduit. As a result, Cooper decided to borrow funds through this Authority for the first time.

"When working with a new borrower, there's always some curiosity as to how the working group is going to meld, how the borrower's philosophies and experiences will gel with Authority practices," says Suzanne Walton, Project Manager. "I'm happy to say, working with Cooper was a complete pleasure, total teamwork. I'm pleased we have forged this new relationship and I look forward to future business with them."

JPMorgan Chase Bank approved the loan subject to a note under an existing master trust indenture, secured by a parity interest in a gross receipts pledge and a mortgage on certain property.

The proceeds will be applied to a new endoscopy center and employed physician offices in Marlton.

Cooper's first interest payment for the CAP loan was due December 1, 2007 and had an initial monthly rate of 1.42%. The loan matures on October 1, 2017.

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On November 15th, the Authority closed a $7 million CAP loan on behalf of **Meridian Nursing and Rehabilitation at Ocean Grove, Inc.** The loan will provide funds to acquire a nursing home, and to finance and reimburse costs incurred for building renovations, acquiring major movable equipment, miscellaneous property, plant and equipment expenditures, and upfront legal and financial consulting fees.

For some background, in January of 2007, Meridian Nursing began leasing Manor by the Sea, a 120-bed skilled nursing facility in Ocean Grove, from The United Methodist Homes. Since the average cost to build a new facility of this size in this area, excluding equipment, is approximately $175 per square foot (or $10,482,500), and the cost of exercising the purchase option for the Ocean Grove facility is $5.7 million, Meridian Nursing decided to exercise the purchase option to acquire Manor by the Sea.

Left to right: John Doll (Meridian Health Sys.), Elisa Banigan (Meridian Nursing & Rehab.), and Robert Palermo (Meridian Health Sys.) at the CAP loan closing at the Authority

JPMorgan Bank approved the loan subject to the borrower providing a note under the existing Meridian Health Obligated Group master trust indenture. As a condition of closing, JPMorgan required Meridian Nursing to become a member of the Obligated Group.

Meridian's first principal and interest payment was due December 1, 2007 with an initial rate of 1.65%. The loan matures in November of 2017. §

AUTHORITY ONLINE AUCTION A SUCCESS!

There's no denying that the Internet is the hot hosting ground for auctions, whether for baseball cards on Ebay or time slots for TV advertising. On September 12, 2007, the Authority, too, got into the action by trying a new internet format to solicit bids for a Repurchase Agreement and/or Collateralized Investment Agreement for AtlantiCare Regional Medical Center's Series 2007 Debt Service Reserve.

The auction process used by the Authority, which was designed and administered by Pittsburgh's Grant Street Group, gives bidders the added benefit of being able to rebid to win the contract.

In the previous bid procedure, only one bid was received from each bidder and the award was made to the highest bid received. In the online auction, however, a bidder knows if their bid is the highest, and competitors are able to bid and rebid until they have the highest bid during a predetermined period. If a new high bid is received near the auction's end, the bid period is extended by several minutes to allow others to increase their offer.

This format gives investors a fairer shot at winning the agreement at a level with which they are comfortable without having to play a guessing game as to what the other bidders are willing to pay.

"It's truly a win-win situation," says Bob Day, the Authority Account Administrator who oversaw the auction. "The investors can start low and work their way up, removing the fear of an overly high blind initial bid. Yet, in the end, the award goes to the bidder who is willing to pay the most, paying at a level in which they are confident and comfortable."

This first of its kind Authority auction was a great success, receiving a total of 86 bids from four bidders. The spread went from 4.000% to a winning bid of 4.932% over a period of 44 minutes. §

The New Fee Structure

(effective with the Authority's December 31, 2007 billing cycle)

Initial Fees

-The initial fee equals 2.5 basis points (.025%) on the par amount of the bonds up to an annually-adjusted maximum size (currently $82,000,000). This fee is not refundable and is collected when the borrower signs a Memorandum of Understanding.

-There is a one-time $10,000 fee per series of bonds that are simultaneously issued under the same official statement*. If the bonds are entirely refunding, the one-time per series fee is $5,000. This fee is collected at closing.

-Loans through the Capital Asset Loan Program have a $500 initial fee.

**Multiple series of bonds issued under different official statements are treated as separate issues for billing purposes.*

Annual Fees

-Traditional Bond or Note Issues and COMP Program: 10 basis points (.10%) on the declining outstanding balance as of year end, up to an annually-adjusted maximum size (currently $82,000,000), with a minimum of $2,500 per series

-Equipment Revenue Note Program: 7.5 basis points (.075%) on the declining outstanding balance as of year end, with a minimum of $2,500

-Terrorism Preparedness Program: 5 basis points (.05%) of the original bond size, per series of bonds issued, currently capped at $40,000, payable semi-annually in advance

-Capital Asset Loan Program: Annual fees are paid through the interest rate charged on the loan.

If you would like to pursue a financing under the new fee structure, contact the Authority's project management team at (609) 292-8585.

NJHCFFA Bond Issues for 2007:

As of November 30th, 2007

Completed Bond Issues	Issue Structure	Par Amount
FitnessFirst Oradell Center, L.L.C.	Fixed rate; Private Placement	$1,376,000
St. Mary's Hospital - Passaic	Interim Bonds; Variable rate; Private Placement	$45,150,000
St. Mary's Hospital - Passaic	HATP Bonds; Fixed rate; Public	$45,425,000
Catholic Health East	Composite Issue; Variable rate; Public	$101,395,000
AHS Hospital Corp.	Auction rate; Public	$101,000,000
Trinitas Hospital	Fixed rate; Public	$130,400,000
AtlantiCare Regional Medical Center	Fixed rate; Public	$113,420,000
	Bonds Issued in 2007:	$538,166,000

Capital Asset Program Loans		Par Amount
Palisades Medical Center		$5,000,000
Cooper University Hospital		$5,225,000
Meridian Nursing & Rehab/Ocean Grove		$7,000,000
	CAP Loans Closed in 2007:	$17,225,000

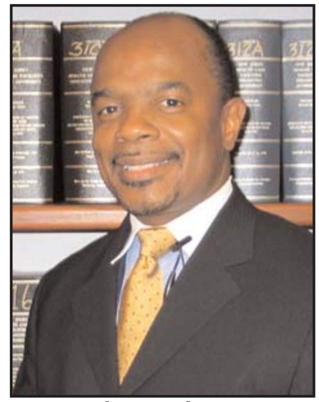
MEMBER THOM JACKSON RESIGNS

On June 21, 2007, Authority Public Member Thomas M. Jackson, Esq. received the Advice & Consent of the Senate to serve as Chair of the Board of Directors of UMDNJ's University Hospital. Since Authority policy prohibits a Member from simultaneously serving on a hospital board, Mr. Jackson's role as a Public Member of the Authority was relinquished to pursue this new role.

The University Hospital Board was created by legislation signed by Governor Jon S. Corzine in order to create a separate Board of Directors for the hospital, independent of UMDNJ's current Board of Trustees.

Sworn in at the hospital board's first meeting on August 7th, Mr. Jackson said, "I am grateful for the confidence the Governor has shown in me. At hand is a tremendous opportunity for The University Hospital, an opportunity for us to work together to better the lives of the people we serve by leveraging the gifts, skill and dedication of the hospital's extraordinary physicians, nurses, staff and administration and the expertise of this new Board."

As stated by Robert Del Tufo, Chair of the UMDNJ Board of Trustees, "The Hospital Board has talented and energetic Directors who, I know, will serve the Hospital, the community and New Jersey well. I, personally, and the UMDNJ Board as a whole, shall work closely with Chairman Jackson and the Board Directors to assist in any way while also discharging our own statutory responsibilities."



Thom Jackson

The Authority is honored to have one of its Members selected for this groundbreaking opportunity. "We wish him the best of luck," said Executive Director Mark Hopkins, "The University Hospital, Newark, and its surrounding communities will benefit from his talent, intelligence, and compassion." Mr. Jackson's last Authority meeting was in June. §

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