

# AUTHORITY NOTES

2015 SERIES A

April

## MESSAGE FROM THE EXECUTIVE DIRECTOR

We begin this year at the Authority filled with optimism and with a renewed enthusiasm for the projects that lie ahead for us in 2015.



The Authority Members, the staff and I will continue to work hard on behalf of New Jersey's health care organizations to provide the funding they need to expand, modernize and adapt their services in this rapidly evolving health care environment. Concomitantly, we remain dedicated to providing the resources and assistance to the New Jersey Department of Health as needed, fulfilling our mission of "restructuring the health care system of the State" so that all New Jersey residents have access to the highest quality of care.

Each year also brings with it new ideas and initiatives. Recent studies indicate that local, walk-in clinics are becoming an increasingly popular, more appropriate and lower cost alternative to hospital emergency rooms. To address this trend, the Authority, in December, increased the scope of the FQHC Loan

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## NJHCFFA Expands FQHC Loan Program

The NJHCFFA has expanded its low interest direct loan program eligibility to include more Federally Qualified Health Centers ("FQHCs"). Originally, the FQHC Loan Program was designed to provide only start-up FQHCs with funding at a lower interest rate than available by conventional bank borrowing. Currently, there are no plans for any new FQHCs in the foreseeable future, but this funding will continue to be available if the situation changes.

The NJHCFFA increased the scope of the FQHC Loan Program to include providing direct loans to qualified FQHCs that wish to upgrade their facilities or expand their operations.

The expanded FQHC Loan Program is set up similar to the existing program for start-up FQHCs:

1. Loan repayments will not exceed ten years, depending on the project, amount and financial information provided by the borrower;
2. Interest rate will be set at a monthly variable interest rate of 200 basis points over the previous month's interest rate paid by the New Jersey Cash Management Fund;
3. Maximum loan amount will **not exceed \$2,000,000**, based on availability of funds;
4. Security for the loan will be

in the form of a first, parity or second mortgage and/or a first, parity or second lien on the gross revenues or accounts receivable of the FQHC.

New aspects of the expanded FQHC direct loan program are proposed as follows:

1. A **\$250 non-refundable application fee** payable to the Authority for its work evaluating the loan application;
2. A **\$250 closing fee** payable to the Authority for due diligence and documenting the loan; and
3. A **75 basis point annual fee** based on the outstanding balance of the loan payable to the Authority for monitoring the loan and processing requisitions of loan proceeds.

The FQHC loan process is a quick and simple process:

- Borrower requests an application with the application fee;
- Submitted application is reviewed by the Authority staff;
- A due diligence and financial viability analysis is conducted;
- Loan documents are drafted;
- Loan approval is requested at an Authority meeting; and
- The loan closes.

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**NJHCFFA Expands FQHC Loan Program** (continued from page 1)

In order to initiate a review of an application, **FQHCs must provide:**

1. Detailed explanation of the purpose of the loan, including the requested amount and the specific use of loan proceeds;
2. Three (3) most recent years of audited annual financial statements;
3. Quarterly unaudited financial statements for the stub period since the last audited financial statement;
4. Utilization statistics for the previous (3) three years;
5. Current year's budget;
6. Proof of FQHC's Section 330 status and any licenses or permits required;
7. Copies of title, mortgage and/or lease for any property/properties where the loan proceeds are expected to be used;
8. Proof that the applicant has submitted to the Department of Human Services, Division of Medical Assistance and Health Services (the "Division"), a change in scope of service application in accordance with N.J.A.C. 10:66-1.5(e)vi for any proposed expansion (if it is deemed that a change in scope of service application to the Division is necessary, no loan funds will be disbursed until an acknowledgment of receipt of a completed change in scope of service application by the Division);
9. Evidence that the FQHC has been in substantial compliance with all applicable State and federal requirements for at least one year prior to the request for the loan;

10. Proof that the applicant is currently in good standing under its letter of agreement with the Department of Health;

11. Three (3) years of financial and utilization projections showing current trends without the expansion and WITH the expansion (may be shorter if the loan is for a shorter period);

12. Documentation from any existing loans or grants;

13. Curriculum vitae for key staff including the Chief Executive Officer, Chief Operating Officer (if any), Chief Medical Officer and Chief Financial Officer;

14. A list of the Board of Directors of the FQHC;

15. The FQHC's letter from the IRS indicating it is a 501(c)(3) organization; and

16. A \$250 non-refundable application fee.

**What can the Direct Loan Program offer your FQHC organization?**

- Low interest rates for organizations with short-term operational history or limited past financial data;
- Security provided through a mortgage and/or a lien on the gross revenues or accounts receivable; and
- Straightforward and uncomplicated prepayment terms.

**Expand or upgrade your FQHC today!** §



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Program. The program is now available to all qualified FQHCs that want to expand their operations, purchase equipment or add services.

The Authority staff is ready to assist these essential health care providers improve service to their local residents and communities.

The upcoming year should also be a dynamic one as the mergers and acquisitions announced last year begin to take form and work begins on building the State's newest medical school. In addition, many financial analysts are projecting that the health care industry will drive the national economy and will be the primary stimulant for increasing government spending over the next decade.

As New Jersey's population continues to grow, so will the public's demand for health care services and facilities. We at the Authority remain committed to doing our part to enable New Jersey's health care organizations to meet that demand.

*- Mark E. Hopkins*

## FINANCING NOTES

### AtlantiCare Regional Medical Center

On September 24, 2014, the NJHCFFA closed on the \$60,000,000 direct placement of bonds on behalf of AtlantiCare Regional Medical Center. The proceeds of the issuance were used to construct a new two-story addition that will house same-day surgery suites, a post-anesthesia care unit and an expanded parking area; construct three new operating rooms; renovate several areas of the facility including, the sterile processing department, operating room support areas, the intensive care unit and upgrades to existing operating rooms; and, the payment of certain costs incidental to the sale of the Series 2014 bonds. The bonds were placed with TD Bank and have an interest rate of 2.64% and mature March 1, 2042. AtlantiCare saved over \$3.3 million on a present value basis by issuing tax-exempt bonds through the Authority compared to a taxable financing. §



## The NJHCFFA - a Model of Efficiency

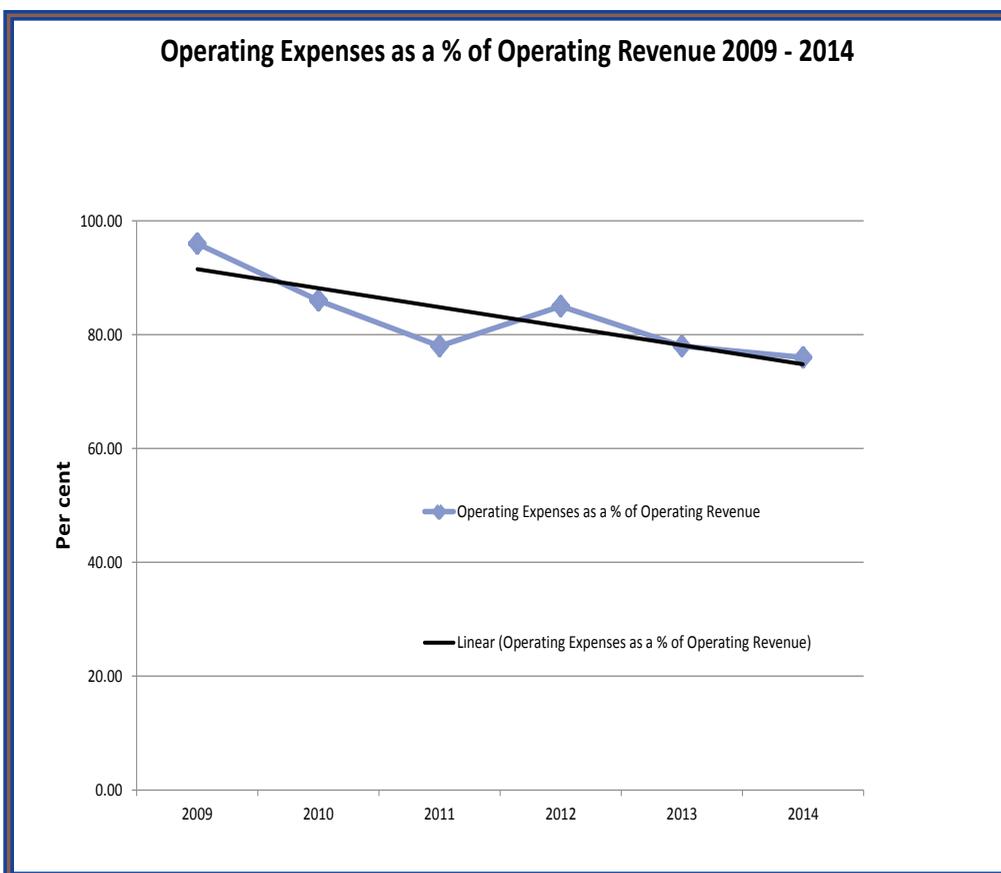
### *Doing more for you with less!*

The New Jersey Health Care Facilities Financing Authority is more than a source of low-interest capital. It is a model of government efficiency.

The graph on the right shows the Authority's operating expenses as a percentage of its operating revenues since 2009. The chart illustrates how the Authority has been able to lower its expenses to revenue ratio. In fact, for three of the past four years, the Authority has spent less money for administration and operations than in the previous year.

This fiscal responsibility has freed up funds that have enabled the Authority to provide new and innovative resources to New Jersey's health care industry.

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# NJHCFFA STAFF NOTES

## Retirements



**Lorraine Donahue** retired on December 31, 2014 after more than 23 years of service with the Authority. Lorraine served as the Office Management Assistant, but was better known as the “Official Greeter” for the Authority. Lorraine’s smile and great sense of humor will be missed.

*Have a great retirement!*

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February 28, 2015, was the last day for **Jennifer Velez, Esq.**, Commissioner of the New Jersey Department of Human Services and an ex-officio Member of the Authority. Ms. Velez, the Department’s longest serving Commissioner, stepped down to accept a position with Barnabas Health.

*Thank you for your service!*

## Anniversaries

### 25 years!



**Ron Marmelstein**, Director of Operations and Finance recently celebrated his 25th anniversary with the Authority. Ron began his career at NJHCFFA in November 1989 and has served under 5 Executive Directors.

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### 5 years!



**Tracey Cameron**, who currently serves as the Administrative Assistant for the Division of Project Management, recently celebrated her 5th anniversary at the Authority.

*Thank you for your hard work and dedication!*

## Welcome

In December, the Authority hired **Maria Conigliaro Kinney** as the Authority’s Office Management Assistant. Maria previously worked for the NJ Department of Transportation. In addition, Maria has over 13 years of



experience as a Customer Service and a Call Center Representative.

*Welcome to our new team member!*

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## Moving on

**Paige Piotrowski** tendered her resignation in January. Paige was the Authority’s Database Administrator for nearly two years. Paige was hired as a Financial Analyst with Reckitt Benckiser.



*Good luck, Paige!*

## FINANCING NOTES

### Barnabas Health

On December 3, 2014 the NJHCFFA closed on the \$129,925,000 publicly issued current refunding of bonds on behalf of Barnabas Health. The proceeds of the issuance were used to: refund the currently outstanding (GNMA Collateralized Taxable Revenue Bonds) Series 2012 Bonds originally issued by Jersey City Medical Center, an affiliate of Barnabas Health and the payment of certain costs incidental to the sale of the Series 2014 refunding bonds. The transaction was structured with two (2) term bonds, with both term bonds maturing on July 1, 2044 and with interest yields of 3.98% and 4.33%, respectively. §



### Hunterdon Medical Center

On December 23, 2014 the NJHCFFA closed on over \$70 million of bonds on behalf of Hunterdon Medical Center. The following series of bonds were issued to allow Hunterdon to restructure the hospital's long-term debt:

- \$42,735,000 Series 2014A: The proceeds of which were used to advance refund the Authority's Hunterdon

Medical Center Series 2006A, currently refund the Authority's Hunterdon Medical Center Series 2009 Bonds, and finance an unfunded portion of the Medical Center's Cardiovascular Expansion Project. The bonds were issued as a fixed-rate, public offering with an all-in TIC of 4.33% and mature on July 1, 2045.

- \$16,260,000 Series 2014B: The proceeds of which were used to advance refund the Authority's Hunterdon Medical Center Series 2006B Bonds. The bonds were issued as a fixed-rate private placement with TD Bank and mature on December 1, 2029.

- \$6,360,000 Series 2014C: The proceeds of which were used to currently refund the Authority's Hunterdon Medical Center Series 2009 Bonds. The bonds were issued as a variable-rate private placement with TD Bank and mature on December 1, 2019.

- \$4,935,000 Series 2014D: The proceeds of which were used to refinance a taxable loan on Medical Center property. The bonds were issued as a variable-rate private placement with TD Bank and mature on December 1, 2034. §

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Specifically, it has allowed the Authority to fulfill the second part of its mission, which is to “...**provide assistance in the restructuring of the health care system of the State.**” As a result of its efficiency, the Authority was able to provide the needed resources to assist the State and the NJ Department of Health with planning tools, such as funding part of the consulting fees for the Hudson County Hospital Service Consolidation/Regionalization Assessment and all of the consulting fees for the Greater Newark Area Healthcare Services Evaluation that was posted on the Authority’s website on March 2, 2015. In addition, the Authority was able to use its savings to create a pool of money that will be used to provide direct loans to Federally Qualified Health Centers.

***The NJHCFFA is working hard to find more ways to help you!***

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## New Jersey Health Care Facilities Financing Authority -

***Over \$20,000,000,000 in bonds issued  
to 180 organizations in  
over 42 years!***



### NJHCFFA MEMBERS

Ex-Officio Members

Mary O’Dowd  
Commissioner of Health

Elizabeth Connolly, Acting  
Commissioner of Human Services

Ken Kobylowski, Esq.  
Commissioner of Banking &  
Insurance

Public Members

Elisa A. Charters, CCIM  
Suzette T. Rodriguez, Esq.  
Munr Kazmir, M.D.

*The Authority currently has one  
Public Member vacancy.*

### NJHCFFA SENIOR STAFF

Mark E. Hopkins  
Executive Director

Stephen M. Fillebrown  
Deputy Executive Director,  
Director of Research, Investor Relations and Compliance

Ron Marmelstein  
Director of Operations and Finance

Suzanne Walton  
Director of Project Management

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