

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on May 26, 2011 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

*The following **Authority Members** were in attendance:*

Frank Cipriani, Designee of the Commissioner of Banking and Insurance; Eileen Stokley, Designee of the Commissioner of Human Services; John Calabria Designee of the Commissioner of Health and Senior Services; Gus Escher, Public Member (via telephone); and, Suzette Rodriguez, Public Member (via telephone).

*The following **Authority staff members** were in attendance:*

Mark Hopkins, Lou George, Steve Fillebrown, Ron Marmelstein, Suzanne Walton, Michael Ittleston, Brooke Liebowitz, Bill McLaughlin, Carole Conover, Bernie Miller, Marji McAvoy and Archie King.

*The following **representatives from the State and/or the public** were in attendance:*

Clifford Rones, Deputy Attorney General; Brandon Minde, Governor's Authorities Unit Ryan Feeny, NJ Office of Public Finance; Christopher Grell and Peter Cunningham, Bank of New York; Doug Placa and Kristin DiShaw, JNESO.

CALL TO ORDER

Executive Director Mark Hopkins called the meeting to order at 10:00 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 27, 2010 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.

Mr. Hopkins then stated that in the absence of the Authority's Chair and that the Vice-chair was participating telephonically, a Chair pro tem was needed to lead the meeting. Ms. Stokley nominated Mr. Calabria to serve as Chair pro tem; Mr. Escher seconded. The vote was unanimous with the exception of Mr. Calabria who abstained.

1. APPROVAL OF MINUTES **April 28, 2011 Authority Meeting**

Minutes from the Authority's April 28, 2011 meeting were presented for approval. Mr. Escher offered a motion to approve the minutes; Ms. Stokley seconded. Ms. Stokley and Mr. Cipriani voted yes; Mr. Calabria and Mr. Escher abstained. (Suzette Rodriguez had not yet phoned into the meeting and was therefore unable to vote.) Because the April meeting was attended by five Members, the minutes require three votes for approval. The votes recorded will carry over and the minutes will be presented for approval again at the following meeting.

2. OLD/NEW BUSINESS

a. Appointment of Officers

Since the May meeting serves as the Authority's Annual Meeting, Ms. Stokley offered a motion to elect the following slate of Authority officers for the coming year.

Officers of the Authority

Vice Chairman	Gus Escher
Secretary	Suzette Rodriguez
Assistant Secretaries	Steve Fillebrown Carole Conover (vacant)
Treasurer	Ulysses Lee
Assistant Treasurer	(vacant)

Authority Finance Committee

Chairman	Ulysses Lee
Members	Ulysses Lee Gus Escher Suzette Rodriguez
Alternate Member	(vacant)

Mr. Escher seconded the nominations. The vote was unanimous and the motion was carried.

Mr. Calabria noted that the term of the Authority's elected officers will begin immediately following the Governor's ten-day veto period, barring any veto notification from the Governor's Office.

AB RESOLUTION NO. KK-79

WHEREAS, with respect to the Authority's elected official positions, one of the three Assistant Secretary roles and the role of Assistant Treasurer will remain vacant and may be filled at a later date with the appointment of new Authority Members,

NOW, THEREFORE, BE IT RESOLVED, that the following individuals are hereby elected to serve in the official positions noted until May 24, 2012, or until the next election of officers:

Vice Chairman - Gus Escher
Secretary – Suzette Rodriguez
Assistant Secretaries – Steve Fillebrown and Carole Conover
Treasurer – Ulysses Lee

BE IT FURTHER RESOLVED, that the Authority's Finance Committee will be chaired by Ulysses Lee, with Gus Escher and Suzette Rodriguez serving as committee members.

b. 2011/2012 Authority Calendar

Mr. Calabria referenced a proposed list of dates on which to conduct meetings of the Authority and its Finance Committee for the coming year. Ms. Stokley offered a motion to adopt the schedule; Mr. Cipriani seconded. The vote was unanimous and the motion was carried.

AB RESOLUTION NO. KK-80

NOW THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the following schedule of dates on which to conduct meetings of the Finance Committee and the Authority; and,

BE IT FURTHER RESOLVED, that, as provided by the provisions of the Open Public Meetings Act and the Authority’s By-laws, the Assistant Secretary is authorized to provide notice of these meeting dates to the Authority’s designated newspapers, to post notice in the Authority offices and on the Authority’s website, and provide notice to the Secretary of State:

FINANCE 10:00 a.m.	AUTHORITY* 10:00 a.m.
2011	2012
Tuesday, June 7	Thursday, June 23
Tuesday, July 12	Thursday, July 28
Tuesday, August 9	Thursday, August 25
Tuesday, September 6	Thursday, September 22
Tuesday, October 11	Thursday, October 27
Wednesday, November 1	Tuesday, November 17
Tuesday, December 6	Thursday, December 15
2012	2012
Tuesday, January 10	Thursday, January 26
Tuesday, February 7	Thursday, February 23
Tuesday, March 6	Thursday, March 22
Tuesday, April 10	Thursday, April 26
Tuesday, May 8	Thursday, May 24**

*A Finance Committee meeting has also been scheduled immediately following every Authority meeting.

**Annual Meeting

Mr. Calabria noted for the record that, unless advertised to the contrary, all meetings are open to the public and shall be held in the Authority’s office on the fourth floor of Building #4, Station Plaza, South Clinton Avenue, Trenton, New Jersey. He added that the Authority’s staff will perform the required public announcement and notification of the meeting dates once the Governor’s ten-day veto period has passed.

c. Resolution of Appreciation for Eileen Stokley

Mr. Cipriani read the attached Resolution of Appreciation for Eileen C. Stokley who will be retiring from the Department of Human Services at the end of the month. Mr. Calabria asked the Members' pleasure with respect to the adoption of a resolution in appreciation of Ms. Stokley and her years of service and contributions to the Authority. Mr. Escher moved that the resolution be approved. Mr. Cipriani seconded. The vote was unanimous and the motion carried. Members and Authority staff wished Ms. Stokley well in her retirement.

AB RESOLUTION NO. KK-81

(attached)

(Ms. Rodriguez joined the meeting at 10:10.)

3. USE OF AUTHORITY VEHICLE

Mr. Hopkins reminded Authority Members that at the March 24th Authority meeting he recommended that the Authority retain two pool cars and one car for the Construction Manager. Mr. Hopkins reported that he is now recommending that one of those cars be assigned to Steve Fillebrown for commuting and business travel as long as the car is available during business hours as a pool car.

As background, Mr. Hopkins noted that in 2007 the Authority Members indicated they wanted the Authority to reduce the number of cars over time from six cars to two cars. Six cars had been assigned to staff members for commuting and traveling to and from meetings, one to each member of senior staff, one to the Construction Manager and one to Lou George as a Project Manager. The guidance from the Authority Members was to eventually retain only one assigned car, the Construction Manager's, and one pool car, to be kept at the Authority for staff use for attendance at meetings and deliveries. The four other assigned cars would be eliminated over time.

Mr. Hopkins noted that part of the reasoning of the Authority Members in 2007 for reducing Authority-owned cars was that, unlike in the past when Authority staff had to attend numerous meetings for each financing in different parts of the State; the current practice is that most meetings are conducted telephonically with the exception usually for kick-off meetings and closings.

As a result, since employees who had been assigned cars considered them as part of their compensation packages, we determined to sell Authority cars as the employees who were assigned them retired. However, if not all Authority employees assigned cars retired within four years of the purchase of the 2007 Toyota Priuses, it was agreed the remaining assigned cars would be sold off at that time. The 2007 Priuses arrived in April of 2007. According to the schedule recommended by the Authority Members, we should have sold two Priuses in April. However, the Authority Members approved retaining one of those two cars as an additional pool car.

Mr. Hopkins told Members that since 2007 two things have come to light. First, Steve Fillebrown's original and only employment letter indicated he was to have use of an Authority car. No other staff member, even those who were assigned Authority cars, had an employment letter indicating that they were to have access to an Authority car. He noted that a copy of Steve's employment letter had been included in the board package sent to Members.

Second, Authority staff, and particularly Steve, are now attending borrower board meetings and finance committee meetings as a result of monitoring requirements created due to the State backing of the bonds issued by the Authority pursuant to the Hospital Asset Transformation Program. Currently, this requires Authority staff to attend monthly board and finance committee meetings of St. Mary's Hospital, St. Michael's Hospital and Solaris Healthcare System. Authority staff also occasionally assists the Department of Health in monitoring board and finance committee meetings of hospitals who receive Stabilization Grants and those who are at a certain level of the Early Warning System. Additionally, Authority staff has been monitoring meetings of the Hoboken Municipal Hospital Authority at the request of the Local Finance Board of the Department of Community Affairs. These meetings are primarily conducted in the evening. It is likely that the need to attend these meetings will grow for the foreseeable future.

Mr. Hopkins noted that because Mr. Fillebrown is a nationally recognized expert on hospital finances, he attends more of these hospital meetings than anyone else at the Authority. He concluded by recommending Authority Members approve Mr. Fillebrown's continued use of an Authority vehicle for both commuting and business travel as long as the car is available during Authority business hours as a pool car.

Ms. Stokley offered a motion to approve a resolution to continue to permit Steve Fillebrown to use an Authority car for commuting and business travel, as long as it will also be available as a pool car during business hours; Mr. Cipriani seconded. The vote was unanimous and the motion was carried.

AB RESOLUTION NO. KK-82

NOW THEREFORE, BE IT RESOLVED, that the Authority hereby approves a resolution to continue to permit Steve Fillebrown to use an Authority car for commuting and business travel as long as it will also be available as a pool car during business hours.

4. APPROVAL OF EXPENSES

Mr. Calabria referenced a summary of Authority expenses and invoices. Mr. Cipriani offered a motion to approve the bills and to authorize their payment; Ms. Rodriguez seconded. The vote was unanimous and the motion was approved.

AB RESOLUTION NO. KK-83

WHEREAS, the Authority has reviewed memoranda dated May 19, 2011, 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 \$544,468.86, \$35,075.25 and \$16,375.83 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.

5. BOND SALE REPORT

Atlantic Health System

Mr. Lou George told Members that the report he was about to present was for informational purposes only; no action needed to be taken. He reported that on April 28, 2011, the Authority successfully priced \$130.5 million of bonds on behalf of Atlantic Health System. Goldman Sachs was the Senior Managing underwriter and there were four (4) co-managers: BofA Merrill Lynch, David Lerner Associates, J.P. Morgan, and Stifel, Nicolaus & Company.

Proceeds from this sale will be used to refund System's outstanding 1997 Newton Bonds and provide for the payment or reimbursement of capital improvements to the Morristown and Overlook campuses including the ER & parking garage at Morristown and neuroscience services at Overlook. In addition proceeds will be used for the acquisition and installation of equipment at their three campuses.

Initially the financing was structured with serial bonds from 2012 through 2022 and term bonds in 2026, 2031, and 2041. The bulk of the issue of approximately \$114 million was in the 30-year 2041 maturity. Mr. George noted that in talking with the various institutional investors, Goldman indicated that several were interested in a 2037 maturity and as a result they took \$23 million out of the 2041 maturity and created a 2037 bullet. This reduced the 2041 term bond to approximately \$90 million.

At 9:15 on the morning of April 28th the Authority authorized going out with a pricing wire having serials from 2012 through 2022 at interest yields ranging from 1.72 % through 4.72% and authorized the 2037 maturity with a 6.15% yield and term bonds in 2026, 2031, and 2041 with yields of 5.25%, 5.75% and 6.20% respectively.

Authority staff had planned for an order period lasting the entire morning but after an hour the Senior Manager called and asked if they could close the order period because they were being significantly over-subscribed. They indicated that various bond funds that had already placed orders were coming back and wanting to take an additional \$15 to \$20 million of the term bonds. Authority staff agreed to close the order period.

At 11:00 am Authority staff and the Hospital reviewed the orders with the senior manager. The 2012 through 2014 short term serials bonds were oversubscribed 3 to 5 times, and the term bonds were oversubscribed 6 times. As a result the underwriter made price bumps of 7 basis point for the short term serials (2012 – 2014), and 10 basis points for the 2037 bullet and the three (3) term bonds. Authority staff agreed to these rates and did a handshake on the deal.

The final structured had serial bonds from 2012 through 2022 at yields of 1.65% through 4.72%, a bullet in 2037 with a yield of 6.03% and term bonds in 2026, 2031 and 2041 with yields of 5.15%, 5.65% and 6.08%. As a result we had an all-in True Interest Cost (TIC) of 6.09% with an average life of 25.3 years. This transaction closed on May 17, 2011.

6. 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. Mary O'Dowd received the unanimous approval of the Senate Judiciary Committee on April 28th and received the advise and consent of the full Senate this past Monday and is thus now officially the Commissioner of Health and Senior Services.
2. In related news, Ruth Charbonneau, who joined the Authority in February as the Director of Legal, Regulatory, Grants and Special Projects, has been asked by the Commissioner to return to the Department of Health and Senior Services in the capacity of Chief of Staff. At the Department, in addition to her duties as Chief of Staff, Ruth will continue to oversee the Stabilization Program and the Legislative Advisory. He noted that Ruth was a terrific addition to the Authority, if only for a short time, but Authority staff is glad that they will still be able to work closely with her in her new role at the Department of Health and Senior Services.
3. Governor Christie has nominated Dr. Munr Kazmir to be a Public Member of the Authority, filing the currently vacant Public Member slot. Dr. Kazmir has an extensive CV which has been provided to the Authority Members today. His achievements include receiving his medical degree from the University of Punjab, Pakistan, completing an internal medical internship at White Plains Hospital/Montefiore Medical Center in 1986, founding, in 1998, Direct Meds, Inc., a company licensed to provide prescription medicines throughout the United States and launching, in 2009, Easy Carry Medical Transportation, which provides transportation services to disabled citizens as well as ambulance services. Dr. Kazmir is also serves as Vice Chair of the New Jersey Lottery Commission.
4. The Authority's 2005 Red Toyota Prius sold on GovDeals.com for \$12,050. After paying a 7.5 % commission to GovDeals.com, the Authority netted \$11,146.25.
5. Hospital News
 - a. The State has received the Certificate of Need Application regarding the proposed acquisition of Hoboken University Medical Center by HUMC Holdco. Navigant has been provided with both the Asset Purchase Agreement between the Hoboken Municipal Hospital Authority and HUMC Holdco as well as the Certificate of Need Application. Navigant will therefore begin finalizing its report on health care services in Hudson County in light of the proposed transaction. The parties are hoping to close the transaction by July 31, 2011.
 - b. Virtua completed its transition from its old hospital in Voorhees to its new Virtua Voorhees hospital on Sunday. The transfer of patients went without a hitch and more quickly than expected.

6. Authority News

- a. The Authority disbursed approximate \$1 million of the federal HIT Grant funds to the Health-e-cITi-NJ the regional Health Information Exchange that includes eight hospitals: Newark Beth Israel Medical Center, St. Joseph's Regional Medical Center, Christ Hospital, East Orange General Hospital, Jersey City Medical Center, Meadowlands Hospital, St. Michael's Medical Center and University Hospital. Health-e-cITi-NJ also includes the six locations of the Newark Community Health Center. Health-e-cITi qualified for a total of \$3.2 million in grants. This is the first disbursement of the grant proceeds to a Health Information Exchange. Previously, \$500,000 was disbursed to the State Health Information Technology Coordinator's office to engage a consultant. Three other regional Health Information Exchanges were awarded a share the total \$11.4 million grant being administered by the Authority. Disbursements will be made as funds are expended by the Health Information Exchanges and verified by Authority staff.
- b. The Authority's prior Executive Director, Michael Kornett, has announced he is retiring as Executive Director of the Medical Society of New Jersey. He has held that position since 2004.

This concluded the Executive Director's report.

As there was no further business to be addressed, following a motion by Ms. Stokley and a second by Mr. Cipriani, the Members voted unanimously to adjourn the meeting at 10:20 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
May 26, 2011.

Carole Conover, Assistant Secretary