Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on August 26, 2010 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

*The following* ***Authority Members*** *were in attendance:*
Vice-Chairman Gus Escher, Public Member; Maryann Kralik, Designee of the Commissioner of Banking and Insurance; Eileen Stokley, Designee of the Commissioner of Human Services; Bill Conroy, Designee of the Commissioner of Health and Senior Services; Suzette Rodriguez, Public Member (via telephone); and Ulysses Lee, Public Member (via telephone).

*The following* ***Authority staff members*** *were in attendance:*
Mark Hopkins, Lou George, Suzanne Walton, Carole Conover, Michael Ittleson, Lori Jefferson, Brooke Liebowitz, Arvella King, Marji McAvoy, Wanda Lewis, Taryn Jauss, Bernie Miller, and Edwin Fuentes.

*The following* ***representatives from the State and/or the public*** *were in attendance:*
Clifford Rones, Deputy Attorney General; Jaime Gonzalez, Teamsters Local 97; Bob Glenning, Hackensack University Medical Center; Don Pelligrino, Bridgeway Assisted Living; Craig Charlton, Duncan Williams; and David Weprin, **S**terne Agee Group.

## CALL TO ORDER

Vice-Chairman Gus Escher called the meeting to order at 10:10 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.

### 1. APPROVAL OF MINUTES
**July 22, 2010 Authority Meeting**

Minutes from the Authority's July 22, 2010 meeting were presented for approval. Ms. Stokley offered a motion to approve the minutes; Ms. Kralik seconded. The minutes were approved unanimously.

### 2. BOND SALE REPORTS

Mr. Lou George presented three bond sale reports, noting to Members that the Authority has seen a lot of activity since the last meeting.

#### a. Hackensack University Medical Center

Mr. George reported that on August 11th, the Authority signed a purchase contract with Bank America Merrill Lynch for the sale of $86,295,000 of bonds on behalf of Hackensack University Medical Center. The issue was structured with serial bonds from 2011 through 2025, and term bonds in 2030 and 2034. The serial bonds from 2017 through 2025, and the 2030 term bond, were insured by Assured Guaranty.

The Medical Center wanted a minimum of $45 million of these bonds to be insured so as to give the insurer a 50% interest in all of their debt. By doing this, the Medical Center was in a position to request future document changes directly of the insurer without having to secure approval from the remaining bondholders.

Authority staff priced the transaction on August 10th. The serial bonds were structured with coupons ranging from 3% to 5%, and the 2030 and 2034 term bonds with coupons of 4 5/8% and 5% respectively. The market saw several price bumps during the marketing period, resulting in final yields for the serials ranging from 1.2% though 4.5%, and term bond yields of 4 5/8% and 5 1/8% respectively. This refunding generated $8.4 million of savings, which is 9.67% of the refunded bonds. The all-in TIC came in at 4.84%.

**b. Robert Wood Johnson University Medical Center**

Mr. George further reported that on August 17th, the Authority signed a purchase contract with J.P. Morgan Securities for the sale of $126,415,000 of bonds on behalf of Robert Wood Johnson University Medical Center.

Authority staff had scheduled a retail order period on Monday, August 16th and an institutional marketing period on Tuesday. However, because the market was so strong, staff was able to wrap up the entire pricing on the 16th, and signed the purchase contract on the 17th.

Ultimately, the structure had serial bonds from 2011 through 2022, and term bonds in 2025 and 2031. Just as in the Hackensack transaction, there were several price bumps during the marketing period. The serial coupons ranged from 2% to 5%, and the 2025 and 2031 term bonds had coupons of 4 3/8%, and 5% respectively. The serial bond yields ranged from 1.0% though 4.11%, and the 2025 and 2031 term bonds had yields of 4.47% and 4.80% respectively. This refunding generated $15 million of present value savings which is 11.6% of the refunded bonds. The all-in TIC came in at 4.53%.

*(Suzette Rodriguez joined the meeting via telephone at 10:17)*

**c. Holy Name Medical Center**

Mr. George further reported on August 19th, the Authority signed a purchase contract with Bank America Merrill Lynch for the sale of $55,280,000 of bonds on behalf of Holy Name Medical Center. Mr. George added that, although this transaction was a refunding, it was not done for savings. The Medical Center's objective was to obtain fixed rate debt and terminate swaps associated with the variable rate debt that was being refunded.

The proposed fixed rate structure consisted of serial bonds from 2011 through 2020, and a term bond in 2025. The serials were to be priced during a retail order period on Wednesday, August 18th and the term bond was to be priced during the institutional period, the following day. As was the case with both the Hackensack University Medical Center and the Robert Wood Johnson University Medical Center transactions, the market was strong and Authority staff was able to consolidate the pricings into one day, with price bumps for those maturities that were over-subscribed.

The transaction ended up with serial coupons from 3% to 5%, and yields ranging from 2.15% to 4.56%. The 2025 term bond had a coupon of 5% and a yield of 5.02%. The all-in TIC came in at 4.93%. Mr. George noted more detailed information was available in the pricing books provided to the Members at the meeting.

## 3. NEGOTIATED SALE REQUESTS & INFORMATIONAL PRESENTATIONS

### a. The Avalon of Bridgewater

Mr. Hopkins introduced Don Pelligrino to the Members as the owner of Bridgeway Assisted Living, LLC, doing business as The Avalon at Bridgewater ("Avalon"). Mr. Hopkins reminded the Authority Members that his report served as both a negotiated sale request and an informational presentation.

Avalon has signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing, the proceeds of which will be used to refund approximately $6.2 million of outstanding bonds issued on behalf of Avalon by the Authority in 1999. Giving credit for the borrower's funds available in the debt service fund and debt service reserve fund and adding costs of issuance and an early redemption fee, the total amount of bonds is expected to be approximately $5.5 million.

The Authority issued $6.63 million in 1999A bonds and $655,000 in 1999B bonds on behalf of Avalon. The 1999B bonds have been paid off in full. As of June 30, 2010, approximately $6.3 million of the 1999A bonds remained outstanding. The 1999A bonds are expected to be refunded by the bonds under consideration today.

Avalon is a New Jersey Limited Liability Company organized in 1997. Its facility in Bridgewater, New Jersey, opened in May 2000 and consists of 37 single and 9 shared assisted living units, as well as 9 single and 2 shared dementia care units. Pursuant to Section 142(d) of the Internal Revenue Code, in order to benefit from borrowing the proceeds of tax-exempt bonds, the Avalon must provide at least 20% of its units to residents whose income is 50% or less of the area median gross income.

The principals of Avalon also have a controlling interest in Bridgeway Care Center, a 148 bed skilled nursing facility in Bridgewater, and The Avalon at Hillsborough, a 97 bed assisted living and dementia care facility in Hillsborough.

According to audited financial statements provided with the Memorandum of Understanding, Avalon generated net income of approximately $505,000 in 2009 and $398,000 in 2008. Unaudited information for the first six months of 2010 shows net income of approximately $322,000.

Avalon has asked that the Authority permit the use of a negotiated private placement sale based on (i) the sale of a complex or poor credit, (ii) the sale of a complex financing structure, including those transactions that involve the simultaneous sale of more than one series of bonds with each series structured differently, (iii) volatile market conditions and (iv) the issuance of variable rate bonds. These reasons are considered under the Authority's Executive Order #26 policy to be justifications for the use of a negotiated private placement sale.

Under the Authority's policies, a Borrower requesting a Negotiated Private Placement must also justify the use of a private placement by showing it is either less expensive on a present value basis to complete a private placement or there are other circumstances that would limit the effectiveness or usefulness of a public sale. Avalon provides the following justifications for a private placement: (i) it will be more cost effective because public sale origination costs on a transaction of under $6 million would be relatively expensive, (ii) it will prevent Avalon from having to take a second mortgage as a liquidity reserve related to a guaranty for a related company's construction debt, thus reducing overall debt service, (iii) the Placement Agent will not require a debt service reserve, saving those costs and (iv) it will eliminate some of the costs of issuance associated with a public sale.

Avalon has selected TD Bank as the Purchaser for the bonds. Additionally, Avalon has researched several law firms from the Authority's qualified list and has requested the approval of the Attorney General's Office to have the law firm of Wilentz, Goldman & Spitzer serve as bond counsel.

Ms. Stokley moved to approve the use of a negotiated sale on behalf of Avalon at Bridgewater. Mr. Lee seconded. The vote was unanimous and the motion was carried.

*(Bill Conroy joined the meeting at 10:25.)*

**AB RESOLUTION NO. KK-20**

> **NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby approves the attached form of the "RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY NEGOTIATED TRANSACTION PURSUANT TO EXECUTIVE ORDER #26."

*(attached)*

**b. Hackensack University Medical Center**

Mr. Hopkins introduced Robert Glenning, Executive Vice President and Chief Financial Officer for Hackensack University Medical Center. He again reminded Members that his presentation will serve as both a negotiated sale request and an informational presentation.

Hackensack University Medical Center ("Hackensack"), a New Jersey not-for-profit corporation, has signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing in order to refund approximately $126 million of bonds issued by the Authority in 1998. With costs of issuance and funding a debt service reserve fund, Hackensack seeks to finance approximately $130 million through the Authority.

Hackensack is a 775-bed university-affiliated teaching hospital offering an array of tertiary and quaternary patient services on 16 acres in the City of Hackensack. Hillcrest Health Service System, Inc. is the corporate parent of Hackensack and several other not-for-profit health care corporations, including the Hackensack University Medical Center Foundation, Bergen Health Management System, Bergen Home Health Services and Bergen Health Services.

The Authority issued bonds on Hackensack's behalf earlier this year as well as in 1998 and 2008 totaling $456.4 million. As of June 30, 2010, approximately $126.1 million remains outstanding on the 1998 bonds, $244 million on the 2008 bonds and $86.3 million on the 2010 bonds. All of the

1998 bonds are expected to be refunded by the bonds under consideration today, while the 2008 and 2010 bonds are expected to remain outstanding. The Authority also issued bonds in 1979, 1982, 1985, 1991, 2000 and 2004 for Hackensack, all of which have since been defeased or refunded.

According to the consolidated audited financial statements provided, Hackensack had a deficiency in revenues over expenses of approximately $89.1 million in 2008 and $5.1 million in 2009 (after restructuring charges and fair market value adjustments). It should be noted, however, that Hackensack had a gain from operations of $26.1 million in 2009 and $11.6 million in 2008. Hackensack attributes the overall loss in 2009 to recording a $20.5 million reduction in its investment in a Joint Venture to better reflect its economic value and the recording of $10.7 million in restructuring charges as part of an initiative to reduce certain positions within the organization. Hackensack attributes its loss in 2008 to: (i) investment losses of $87.1 million; (ii) a $5.9 million loss from an advance refunding of 2004 Authority bonds; and (iii) a $7.6 million loss from terminating interest rate swaps. Unaudited information for the first two quarters of 2010 shows a return to the black with net income of approximately $14.8 million.

Hackensack has asked that the Authority permit the use of a negotiated sale based on: (i) the sale of a complex or poor credit; (ii) market volatility and (iii) large issue size. These reasons are considered under the Authority's E.O. #26 policy to be justification for the use of a negotiated sale. Therefore, I recommend the consideration of the resolution, included in the meeting materials, approving the use of a negotiated sale and the forwarding of a copy of the justification in support of said resolution to the State Treasurer.

Hackensack selected Merrill Lynch as Senior Managing Underwriter for the bonds. Additionally, Hackensack researched several law firms from the Authority's qualified list and has requested the Attorney General's approval for Windels, Marx, Lane & Mittendorf to serve as bond counsel.

Mr. Hopkins added that he met with Mr. Glenning before the Authority meeting to discuss approving the contingent bond sale on an accelerated schedule in order to take best advantage of the present favorable market conditions. Mr. Hopkins suggested to Members that a special meeting be held in September to accommodate this consideration for Hackensack, as well as for another borrower requesting the Authority's approval in mid-September. Members agreed to hold a special meeting in September in order to speed the process along. A tentative date of September 16th, 2010 was chosen.

Mr. Conroy moved to approve the use of a negotiated sale on behalf of Hackensack University Medical Center. Ms Kralik seconded. The vote was unanimous and the motion was carried.

**AB RESOLUTION NO. KK-21**

> **NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby approves the attached form of the "RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY NEGOTIATED TRANSACTION PURSUANT TO EXECUTIVE ORDER #26"

*(attached)*

## 4. APPOINTMENT OF SUCCESSOR TRUSTEE

Ms. Marji McAvoy reported to the Members that the Authority issued the Series 1993 Bonds on behalf of Deborah Heart and Lung Center ('Deborah') in an aggregate amount of $37,405,000. The current outstanding balance on this bond issue is $21,215,000.

At the time of issuance, Commerce Bank was named Trustee, Registrar, and Paying Agent for this issue. During 2008, Commerce Bank joined with TD Bank North to become TD Bank. The Commerce Corporate Trust Department became TD Wealth Management.

The Authority received a letter from John Ernst, President and CEO of Deborah, requesting that TD Wealth Management be replaced with The Bank of New York Mellon for trustee services. In Section 7.01 of the General Resolution, the Borrower may request a change in trustee for no cause.

Ms. McAvoy referred to a Resolution included in the board package mailed to Members appointing The Bank of New York Mellon as Successor Trustee, Bond Registrar and Paying Agent as prepared by Windels Marx Lane & Mittendorf LLP, Bond Counsel for this transaction. The Resolution authorizes an Authorized Officer to execute a notice to TD Bank to transfer all Deborah Heart and Lung Center, Series 1993 trustee-held accounts to The Bank of New York Mellon.

The Attorney General's office has reviewed the Resolution. Accordingly, Staff recommends that the Resolution Appointing The Bank of New York Mellon as Successor Trustee, Bond Registrar and Paying Agent be approved as requested by Deborah Heart and Lung Center.

Mr. Conroy moved to approve the appointment of The Bank of New York Mellon as the Successor Trustee, Bond Registrar, and Paying Agent for Deborah Heart & Lung Center, as recommended by staff. Ms. Kralik seconded. The vote was unanimous and the motion was carried.

### AB RESOLUTION NO. KK-22

**NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby approves the appointment of The Bank of New York Mellon as the Successor Trustee, Bond Registrar, and Paying Agent for Deborah Heart & Lung Center, as recommended by staff.

## 5. CONSENT TO ADDITIONAL BORROWING BY THE LAKEWOOD RESOURCE AND REFERRAL CENTER

Mr. Hopkins reported to Members that based on a meeting he had immediately prior to the Authority meeting, the agenda item requesting Members' consent for Lakewood Resource and Referral Center (operating as CHEMED) to enter into a loan agreement for a $750,000 line of credit would be tabled until the special meeting in mid-September. Authority staff and CHEMED staff mutually agreed that more information needed to be received from the CHEMED administration before Authority staff was fully comfortable recommending consent. Members agreed to table this agenda item until the September special meeting.

## 6. APPROVAL OF MEMORANDUM OF AGREEMENT FOR ARCHITECTUAL REVIEW SERVICES

Mr. Hopkins reminded Members that in September 2007, the Authority signed a Memorandum of Agreement with the Department of Health and Senior Services to provide Architectural Review Services for the Department. Under that agreement, the Authority provided the following services:

(1) Conducted review of construction and renovation projects submitted by health care facilities to determine compliance with physical plant standards, patient flow issues, and licensing requirements.
(2) Reviewed and processed request for waivers from licensing requirements submitted by health care facilities providing recommendations with associated rationale in cases where it was determined that waivers were warranted.
(3) Participated as a team member in functional review meetings held at the Department's office.

The Memorandum of Agreement expired on June 30, 2010. The proposed renewal agreement was provided in the Authority Members' packets. The proposed agreement is basically the same as the previous agreement. The form of the agreement is similar to that of other Authority arrangements with the DHSS for collection and review of financial data and for the Health Information Technology Project Manager. The agreement would be effective for the period July 1, 2010 through June 30, 2013, and specifies the amount that the DHSS will reimburse the Authority.

The Office of the Attorney General has no objection to the Members' consideration of this agreement. Therefore, staff is asking for approval of the agreement in substantially final form with such changes as the Office of the Attorney General may advise.

Mr. Escher moved to approve the Memorandum of Agreement with DHSS for the Authority to provide Architectural Review Services as recommended by Authority staff. Ms. Kralik seconded. The vote was unanimous and the motion was carried.

**AB RESOLUTION NO. KK-23**

**NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby approves the Memorandum of Agreement with DHSS for the Authority to provide Architectural Review Services as recommended by Authority staff.

## 7. FINANCIAL PRINTER RECOMMENDATION

Taryn Jauss reported to Members that the current contract for the printing of Preliminary and Final Official Statements and other related documents for Authority revenue bonds with Bowne expires on October 31, 2010. The notice request for proposals was placed on the Authority website and in the *The Star-Ledger*, *Courier Post*, *The Trenton Times*, the *Asbury Park Press* and the *Bond Buyer*. As a result, staff sent Requests for Proposals ("RFPs") to ten firms indentified on the attached three lists ("Printing Firm – Expiring Contract", "Firms who Requested an RFP since the last RFP" and "Firms who Responded to the Ad"). Proposals were received from four firms and the proposals were publicly opened at 12:00 noon (EDT) on August 12, 2010 at the Authority's office.

In reviewing the proposals received, the methodology consisted of first determining that the firms met the basic qualifications outlined in the RFP and second, a cost analysis based upon the completed sample billing form. Staff determined that two of the four firms submitted non-compliant proposals. Ms. Jauss referred to two spreadsheets Members received in their board information packets (Exhibits A & B) which presented the cost information for the two compliant firms. Exhibit A reflected the line item bids received from each firm and Exhibit B contained the cost information from each firm's sample billing form.

Ms. Jauss referred again to Exhibit B, which showed that McElwee & Quinn L.L.C. submitted the lowest bid for a sample billing. However, the Authority's enabling legislation requires that the contract be awarded to the lowest responsible bidder. Therefore, further supporting McElwee & Quinn L.L.C.'s bid were the comments received from the references that were provided. In addition, the firm has met the requirements set forth in the RFP.

Ms. Jauss concluded that inasmuch as McElwee & Quinn L.L.C. provided the lowest responsible bid based on the sample billing, and the positive comments received from the references and has shown by their responses to the RFP, that they have the ability to meet the Authority's printing requirements. Therefore, staff is requesting the Authority's consideration in awarding the contract for the printing of Preliminary and Final Official Statements and other related documents to McElwee & Quinn L.L.C. The contract period will commence November 1, 2010 and run through October 31, 2012. The Authority would also reserve the right to extend the terms of the contract for a maximum of three additional one-year periods.

Ms. Stokley asked if printing costs had fluctuated since the last contract was signed. Mr. Ittleson indicated that prices seem to be going down.

Mr. Conroy moved to approve awarding McElwee & Quinn a two-year contract, reserving the right to extend the terms of the contract for a maximum of three additional one-year periods, for the printing of the Authority's Preliminary and Final Official Statements and other related documents as recommended by Authority staff. Ms. Kralik seconded. The vote was unanimous and the motion carried.

**AB RESOLUTION NO. KK-24**

> **NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby approves awarding McElwee & Quinn a two-year contract, reserving the right to extend the terms of the contract for a maximum of three additional one-year periods, for the printing of the Authority's Preliminary and Final Official Statements and other related documents as recommended by Authority staff.

## 8. FUNDING OF OTHER POST EMPLOYMENT BENEFIT TRUST

Mr. Ittleson reminded Members that the Authority has a post-retirement health care plan for qualified employees and their spouses, and that in December 2007 the Authority approved the establishment of an Other Post Employment Benefit Trust, also referred to as an OPEB Trust, in order to fund the plan. The trust was fully funded in 2008 based on an actuarial study for the years ending December 31, 2007, 2008 and 2009.

Mr. Ittleson noted that the Governmental Accounting Standards Board statement for postemployment benefits requires an actuarial study be conducted every three years for employers with less than 100 employees. Consequently, the Authority hired Buck Consultants earlier this year to perform an actuarially computed liability valuation for the periods ending December 31, 2010, 2011 and 2012. The completed study reflects an unfunded actuarial accrued liability and expected employer contribution for 2010 in the amount of $1,219,406. The annual required contributions for the years 2011 and 2012 are $254,863 and $267,607. If no payments are made to fund these liabilities, the Trust would be underfunded which would require a recalculation of the figures for 2011 and 2012 since the completed study was based on the assumption that the Trust would be fully funded. In addition, a liability would have to be recorded again on the Authority's financials as was the case prior to the Trust being created.

Staff feels it is financially prudent to continue to fully fund the Trust and, therefore. recommends that the OPEB Trust be fully funded in 2010 with a deposit of $1,741,876. This amount will fully fund the Trust through December 31, 2012. Mr. Ittleson added that if the Members are hesitant in funding all three years in 2010, then he would instead ask for the approval to deposit $1,219,406 to fully fund the Trust for 2010, and would then return with a request to fully fund for 2011 and 2012 at the beginning of those years.

Members asked for clarification of which Authority staff members were able to utilize the Trust, and the terms of the Trust. Mr. Ittleson stated that the plan covers all current retirees with medical coverage and could apply to all current active employees. Those who are eligible for coverage include those who retire under the following circumstances: (i) disability retirement; (ii) retirement after 25 years of creditable service in the Public Employees Retirement System (PERS) and 10 years of service with the Authority; (iii) retirement after the age of 65, with 25 years of PERS service and 6 years of service with the Authority; and, (iv) retirement after age 62 and 15 years of service with the Authority. Conditions of the Plan include that retirees and their spouses must enroll in both Part A and Part B of the federal Medicare program. Premiums paid for Medicare Part B for the retiree and spouse will be reimbursed by the Plan. Retirees are not required to enroll in part B.

Mr. Hopkins added that the Authority is required to deposit the 2010 balance of $1,219,406 this year to fund the Plan. The remainder of the balance for two years of funding could be deposited at the beginning of each calendar year for which they are needed. Thus, the amount unspent could be utilized for other Authority projects. He noted, however, that it was financially advantageous to fully fund the Plan so that the Authority can earn extra interest on the deposit. Mr. Escher agreed that it was beneficial to take advantage of the current favorable interest rates and fully fund the Plan now, rather than wait until later. Members also asked if other Authorities utilize this type of Trust Plan Mr. Ittleson stated that he knew that at least the NJEFA and the NJEDA used a similar Trust arrangement, since the these Authorities worked together to determine the best Trust arrangement. Mr. Ittleson went on to note that the plan was started in 2003, and 2008 was the last year in which the Plan was funded. Responding to Members' questions, Mr. Ittleson also noted that the Authority has ample cash on hand to fully fund the Trust through 2012.

Mr. Escher moved to approve fully funding the Authority's Other Post-Employment Benefit Trust Fund in 2010, as recommended by Authority staff. Ms. Stokley seconded. All Members were in favor of fully funding the Authority's OPEB fund, with the exception of Mr. Conroy who abstained. The motion carried.

**AB RESOLUTION NO. KK-25**

**NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby approves fully funding the Authority's Other Post-Employment Benefit Trust Fund for 2010, 2011, and 2012 as recommended by Authority staff.

## 9. APPROVAL TO ATTEND NAHEFFA FALL CONFERENCE IN JERSEY CITY

Mr. Hopkins reminded Members that the Authority belongs to a non-profit trade organization known as the National Association of Health and Educational Facilities Finance Authorities ("NAHEFFA"). NAHEFFA consists of over 40 health and educational financing authorities from 35 states. NAHEFFA focuses its efforts on issues which directly influence the availability of, or access to tax-exempt financing for healthcare and higher educational institutions.

NAHEFFA holds two conferences a year (spring and fall) that provide educational and networking opportunities to its members and others involved in providing financing to health care organizations and educational institutions. This year, the fall conference is being held in Jersey City. That makes our Authority and the New Jersey Educational Facilities Authority the host authorities for the conference. As NAHEFFA tradition dictates, the staff of the host authorities assist in the coordination of the conference, including setting the agenda, procuring speakers, panelists and moderators, acting as moderators for panels themselves and handling general hosting duties, including providing staffing to handle some administrative functions. Mr. Hopkins and Mr. Steve Fillebrown will both be moderators for conference panels. Ms. Brooke Liebowitz was asked to serve as support staff for the event.

Mr. Hopkins stated to Members that he would very much like to have as many appropriate Authority staff attend this event as possible, since it is being held in New Jersey and will not involve costly out-of-state travel. The registration fee is $475 per person, which includes attendance at all the educational sessions and materials, as well as breakfast and lunch on the 22nd and 23rd, dinner on the 23rd and breakfast on the 24th.

In an effort to reduce the Authority's cost for attending the event, Mr. Hopkins requested several concessions from NAHEFFA. In return for providing two moderators/hosts (Mr. Hopkins and Mr. Fillebrown) and one staff person (Ms. Brooke Liebowitz) for administrative duties, Mr. Hopkins asked NAHEFFA to provide the Authority with three hotel rooms for the conference and to provide a discount for Authority staff members attending.

Mr. Hopkins reported that after the NAHEFFA board met on August 11th, they agreed to provide only one room for the event and to allow up to two subordinate rotating Authority staff to attend the event at $250 each (the cost of meals and materials but not including dinner on the 23rd). In addition, the NAHEFFA board agreed to allow one staff member, who will provide administrative services to NAHEFFA, to attend for the reduced registration fee of $160 (including dinner on September 23rd).

Therefore, staff is seeking approval to expend up to a total of $5,700 to have the following attend the conference: (i) Mr. Hopkins and Mr. Fillebrown at the full conference registration fee of $475 each plus hotel costs of $975 each (to cover three nights at $298 plus tax) each so we can be there when the conference starts at 8:00 a.m. each morning through the evening events which end at 10:00 or 11:00 p.m. each night); (ii) Mr. George, Mr. Ron Marmelstein, Ms. Arvella King and one Authority Member at the full conference registration fee of $475 each; (iii) Ms. Liebowitz at a reduced conference registration fee of $160 (as support staff for the conference she will also get the free hotel room from NAHEFFA); (iv) Ms. Lewis, Ms. McAvoy, Mr. William McLaughlin and Ms. Suzanne Walton to share two "three day passes" at a total cost of $500. Rounding out the $5,700 total will be approximately $690 in mileage, parking and public transportation costs, as well as incidentals such as tolls, tips and miscellaneous.

The Authority's budget includes more than a sufficient amount to cover these costs in the line item "Meetings & Seminars & Educational Courses." Mr. Hopkins expressed hope that Members will support this rare opportunity to have Authority staff and a Member participate in this important and valuable conference. In compliance with Governor Christie's Executive Order 15, the Governor's Authorities Unit has been presented with this request as well. The Authority is awaiting their decision on the request. However, in preliminary discussions with the Governor's Authorities Unit, it was indicated that the conference registration fees are not part of the items reviewed under Governor Christie's Executive Order 15. Thus, the decision on registration fees is at the discretion of the Authority Members. Hotel room fees, on the other hand, are subject to approval under Executive Order 15.

Mr. Lee expressed interest in attending the conference as a Member, along with Mr. Escher, which would incur an additional conference registration fee of $475. Mr. Escher suggestion that the motion be changed from a maximum of $5,700 in conference costs to $6,500 to accommodate an additional Members attendance. Mr. Kralik asked if Continuing Education Units were to be offered at the conference. Mr. Hopkins responded that NJEFA had applied for CPE credits and the application was still pending as far as he knew.

Mr. Escher moved to approve the use of funds from the Authority budget, under the line item "Meetings & Seminars & Educational Courses," for certain Authority Staff and Authority Members to attend the NAHEFFA fall conference in Jersey City in an amount not to exceed $6,500. Mr. Lee seconded. All Members were in favor of the motion, with the exception of Mr. Conroy who abstained. The motion carried.

**AB RESOLUTION NO. KK-26**

> **NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby approves Authority Staff to use funds from the Authority budget, under the line item "Meetings & Seminars & Educational Courses," for certain Authority Staff and certain Authority Members to attend the NAHEFFA fall conference in Jersey City in an amount not to exceed $6,500.

## 10. APPROVAL OF EXPENSES

Vice Chairman Escher referenced a summary of Authority expenses and invoices. Ms. Stokley offered a motion to approve the bills and to authorize their payment; Ms. Kralik seconded. The vote was unanimous and the motion was approved.

**AB RESOLUTION NO. KK-27**

**WHEREAS,** the Authority has reviewed memoranda dated August 19, 2010, 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, $76,115.70 and $102562.51 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.

## 11. STAFF REPORTS

Vice Chairman Escher thanked staff for the Project Development Summary, Cash Flow Statement, and Legislative Advisory.

Mr. Hopkins then presented his Director's report. Mr. Hopkins reminded Members that their Financial Disclosure Statements were due to the State Ethics Commission yesterday and noted that if any Member had not done so, they should do so immediately as there is a fine of up to $50 per day for failure to file.

Mr Hopkins also reported that the Authority sold its 2005 beige Toyota Prius on eBay for $8,400 on July 27th. The car had over 71,000 miles on it and cost the Authority a little over $15,583 new, after deducting the $4,000 rebate the Authority received through the NJDEP's Clean Cities program. He also noted that expenses on the car totaled approximately $14,000 over the 5 year period, bringing the total cost of the car to $30,000.

Mr. Hopkins noted to members that their packets contained several news articles of interest relating to health care organizations in New Jersey.

This concluded the Executive Director's report.

## 12. EXECUTIVE SESSION

Mr. Escher asked the Members to meet in Executive Session, as permitted by the Open Public Meetings Act and the Authority's By-Laws to discuss personnel matters. Ms. Stokley offered a motion to meet in Executive Session. Mr. Conroy seconded the motion. The vote was unanimous and the motion carried. Mr. Escher noted that the results of this discussion will be made public when the need for confidentiality no longer exists.

**AB RESOLUTION NO. KK-28**

**NOW, THEREFORE, BE IT RESOLVED,** that, as permitted by the Open Public meetings Act and the Authority's By-Laws, the Authority met in Executive Session to discuss matters relating to personnel;

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

After discussion of personnel matters, Mr. Conroy made a motion to exit Executive Session. Mr. Escher seconded the motion. The vote was unanimous and the motion was approved.

Public session reconvened.

Mr. Conroy made a motion to extend unpaid medical leave until December 1, 2010 for Authority employee Sue Tonry. Ms. Stokley seconded the motion. The vote was unanimous and the motion carried.

**AB RESOLUTION NO. KK-29**

**NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby approves to extend 12 weeks of unpaid medical leave until December 1, 2010 for Authority employee Sue Tonry.

As there was no further business to be addressed, following a motion by Mr. Conroy and a second by Ms. Stokley, the Members voted unanimously to adjourn the meeting at 11:27 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 ON AUGUST 26, 2010.

Carole A. Conover
Assistant Secretary