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

*The following **Authority Members** were in attendance:*
Gus Escher, Public Member (Chairing); William Conroy, Designee of the Commissioner of Health and Senior Services; Maryann Kralik, Designee of the Commissioner of Banking and Insurance; Greg Lovell, Designee of the Commissioner of Human Services; Dr. Munr Kazmir, Public Member; Ulysses Lee, Public Member (via telephone) and Suzette Rodriguez, Public Member (via telephone).

*The following **Authority staff members** were in attendance:*
Mark Hopkins, Steve Fillebrown, Ron Marmelstein, Lou George, Suzanne Walton, Michael Ittleson, Linda Hughes, Bill McLaughlin, Marji McAvoy, Arvella King, Jessica Waite-Lucas, Edwin Fuentes, Tammy Romsdahl and Christopher Kulick.

*The following **representatives from the State and/or the public** were in attendance:*
Kavin Mistry, Division of Law; Brandon Minde, Governor's Authorities Unit; Ryan Feeney, NJ Treasury Department; Bob Osler, Virtua Health; Michael Zuckerman and William DeLaney, Aon Risk Services; Tom Scott, Barnabas Health; John Bitar and Laurie Schwartz, Windels Marx Lane & Mittendorf; Chris Everitt, Bob Palermo and Frank Pipas, Meridian Health System; Susan Seamans, P.G. Chambers School, Inc. (via telephone); Bill Mayer, Decotiis, Fitzpartick & Cole, LLP; Brian Carter and Safi Najdawi, Wells Fargo Securities; Mike Irwin, Citi; Chris McCann, Danielle Cheung and Dan Caffarelli, JPMorgan Chase; David Kostinas, DKA; Shane McMarrow, Com. Of Interns and Residents; Adrien Dumoulin-Smith, HPAE; Kristin DiSandro, JNESCO.

CALL TO ORDER

Vice-Chairman Gus Escher called the meeting to order at 10:12 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 26, 2011 Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, notice of this meeting was delivered to all newspapers with mailboxes at the Statehouse, including *The Star-Ledger* and *Courier Post,* enough in advance to permit the publication of an announcement at least 48 hours before the meeting.

1. APPROVAL OF MINUTES
<u>August 25, 2011 Authority Meeting</u>

Minutes from the Authority's August 25, 2011 meeting were presented for approval. Dr. Kazmir offered a motion to approve the minutes; Mr. Conroy seconded. The vote was unanimous and the motion carried.

2. TEFRA HEARING & CONTINGENT BOND SALE
Barnabas Health

Mr. Escher announced that the following portion of the meeting would be considered a public hearing in connection with the proposed issuance of bonds on behalf of Barnabas Health. This hearing is taking place in accordance with the public notice and approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

Ms. Walton introduced Thomas Scott, Senior Vice President of Corporate Finance, Saint Barnabas Corporation. Ms. Walton indicated that today the Members were being asked to consider a contingent sale of bonds on behalf of Saint Barnabas Corporation d/b/a "Barnabas Health" ("Saint Barnabas" or "the Borrower"), in three series, the Series 2011A Fixed Rate Revenue Bonds, the Series 2011B Variable Rate Revenue Bonds, and the Series 2011C Variable Rate Revenue Bonds (Federally Taxable), in an aggregate principal amount not to exceed $450 million. The proceeds of the Series 2011 Bonds will be used to provide funds to: (1) refinance a draw on a line of credit used to purchase a portion of Barnabas' Series 2001B auction rate bonds, (2) refund the remaining 2001B bonds (approximately $8 million), (3) currently refund all of the Series 2001A variable rate bonds, (4) refund portions of Barnabas' callable fixed rate debt, (5) fund a tender offer for a portion of their Series 2006B capital appreciation bonds, (6) fund approximately $45 million of capital improvements, (7) fund a capitalized interest fund, if necessary, (8) fund a debt service reserve, and (9) pay costs incidental to the issuance and sale of the bonds.

The restructuring of its existing debt portfolio through the issuance of the Series 2011 Bonds will provide Barnabas Health with increased liquidity, a reduction in near term debt service, a reduction to its existing bank exposures, a decrease in maximum annual debt service, reduce capital appreciation bond accretion impact and improve their credit outlook.

The Series 2011A Bonds will be rated "Baa3" by Moody's and "BBB-" by S&P and Fitch. The Series 2011B and C Bonds, which will be secured by separate letters of credit issued by JPMorgan Chase Bank, will be based on the credit ratings of the Bank.

The Bonds will be secured by payments made by Barnabas Health under its Loan Agreements, as evidenced and secured by Notes issued pursuant to the provisions of a Master Trust Indenture and amounts on deposit in certain funds held by the Trustee pursuant to the Resolutions. Additional security will include a gross receipts pledge of the Obligated Group and a Mortgage on certain property. The Series 2011B and C Bonds will be secured by separate letters of credit issued by JPMorgan Chase Bank.

Ms. Walton then indicated that her portion of the presentation was concluded and would be turning the presentation over to bond counsel to outline the Series and Bond Resolutions. Following bond counsel's presentation, the Members would have the ability to ask questions.

SERIES RESOLUTION

John Bitar, Esq., of Windels Marx Lane & Mittendorf, LLP stated that because the transaction involved both fixed rate and variable rate debt he prepared two separate resolutions. A Series Resolution for the fixed rate debt and a Bond Resolution for the variable rate debt.

He stated the Series Resolution authorizes the issuance of the Series 2011A Bonds in an amount necessary to accomplish the purposes for which the Series 2011A Bonds were issued, but not in excess of $450,000,000, at a true interest cost not to exceed 8%. The Series 2011A Bonds will have a final maturity of no later than July 1, 2041 and the Redemption price on the Bonds shall not exceed 105%. The Resolution approves the form of and authorizes the execution of a Bond Purchase Contact with the Underwriter prior to the close of business on December 31, 2011.

In addition, the Series Resolution approves the distribution of a Preliminary and Final Official Statement and approves the forms of the Loan Agreement, Letter(s) of Instruction, and Fund Agreement.

The Series Resolution appoints U.S. Bank National Association as the Trustee, Bond Registrar and Paying Agent for the Series 2011A Bonds and authorizes the Authorized Officers of the Authority to execute and deliver such other documents and to take such other action as may be necessary or appropriate to effectuate the execution and delivery of the respective Loan Agreement, Bond Purchase Contract, the Letter(s) of Instruction and the issuance and sale of the Series 2011A Bonds.

Mr. Conroy asked what events triggered the financing to occur now. Mr. Scott responded that they saw the conditions in the market as favorable and saw the opportunity to do things they couldn't do in years past. When asked by Mr. Escher if they had other bonds outstanding that were not being refunded, Mr. Scott responded that there were.

Mr. Escher asked the Members' pleasure with respect to the adoption of the Series Resolution on behalf of Barnabas Health. Dr. Kazmir made a motion to approve the document. Mr. Conroy seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. LL-16

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Series Resolution entitled, "A SERIES RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE AND REFUNDING BONDS, BARNABAS HEALTH ISSUE, SERIES 2011A"
(attached)

BOND RESOLUTION

John Bitar, Esq., of Windels Marx Lane & Mittendorf, LLP stated that the Bond Resolution authorizes the issuance of Variable Rate Bonds in an aggregate principal amount which, together with the aggregate principal amount of Fixed Rate Bonds authorized pursuant to the Series Resolution, will not exceed $450,000,000. The Variable Rate Bonds shall mature no later than July 1, 2041 and shall bear interest, initially at a variable rate and thereafter at a variable rate or at any of the interest rates modes described in the respective Trust Agreements, provided that the interest rate initially shall not exceed 5% (with respect to Variable Rate Bonds on which the interest is tax-exempt) and shall not exceed 7% (with respect to Variable Rate Bonds on which the interest is not tax-exempt.) The redemption price on the Variable Rate Bonds, if any, shall not exceed 105%.

The Bonds Resolution approves the form of and authorizes the execution of a bond purchase contract no later than December 31, 2011 for the purchase of each Series of Variable Rate Bonds with the managing underwriters selected for each Series of Variable Rate Bonds. In addition, the Bond Resolution approves the distribution of one or more Official Statements relating to a Series of Variable Rate Bonds.

The Bond Resolution also approves in substantially final form the terms and provisions of one or more Loan Agreement and Trust Agreement, Fund Agreement and Letter of Instructions with such changes as counsel may advise and the Authorized Officers executing the same may approve.

Finally, the Resolution provides authorization to an Authorized Officer of the Authority to appoint, at the request of the Borrower, a Trustee, Bond Registrar, Remarketing Agent, Tender Agent and Credit Facility Provider with respect to the issuance of each Series of Variable Rate Bonds upon compliance by the Borrower with the policies and procedures of the Authority regarding the appointment of the same, including compliance with the policies relating to executive orders of the Governor. The Resolution also authorizes the Authorized Officers of the Authority to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effectuate the execution and delivery of the respective Trust Agreement and the Loan Agreement and the issuance and sale of the Variable Rate Bonds.

Mr. Escher asked the Members' pleasure with respect to the adoption of the Bond Resolution on behalf of Barnabas Health. Mr. Lovell made a motion to approve the document. Dr. Kazmir seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. LL-17

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Bond Resolution entitled, "A RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE AND REFUNDING BONDS, BARNABAS HEALTH ISSUE OF VARIOUS SERIES (VARIABLE RATE)"

(attached)

With respect to co-managers for this transaction, Mr. George reminded Members that the Authority "reserves the right to select firms from its qualified list, to serve as co-managing underwriter(s) for its financings", and that these firms, while appointed on a rotational basis, are selected based on demonstrated ability to distribute New Jersey securities of comparable credit quality and sufficient capital to participate in the underwriting.

Barnabas selected J.P. Morgan Securities, Inc. and Citi Global Markets, Inc. to serve as Co-Senior Managers for this transaction. Subsequently, in order of priority they asked for M&T Bank, TD Bank and the GMS Group to be named as co-managers.

Based upon current market conditions and the size of this financing, Staff recommended five (5) co-managers for this transaction. He suggested fulfilling the Hospital's request and adding two additional co-managers, Cabrera Capital Markets and M.R. Beal & Company. Both Cabrera and M.R. Beal are minority firms. Cabrera is headquartered in Chicago with nine other offices including locations in New York and Philadelphia; and M.R. Beal is headquartered in New York.

Mr. George requested Member approval to name M&T Bank, TD Bank, the GMS Group, Cabrera Capital Markets and M.R. Beal & Company as co-managers on the Barnabas Health System Series 2011A fixed rate transaction.

Dr. Kazmir made a motion to approve the appointment of M&T Bank, TD Bank, the GMS Group, Cabrera Capital Markets and M.R. Beal & Company as co-managers for the Barnabas Health transaction. Mr. Lee seconded the motion. The vote was unanimous and the motion carried.

AB RESOLUTION NO. LL-18

NOW, THERFORE, BE IT RESOLVED, that the Authority hereby approves the appointment of M&T Bank, TD Bank, the GMS Group, Cabrera Capital Markets and M.R. Beal & Company as co-managers for the Barnabas Health transaction.

3. NEGOTIATED SALE REQUEST & INFORMATIONAL PRESENTATION <u>Meridian Health System</u>

Mark Hopkins introduced Bob Palermo, Vice President of Finance, and Frank Pipas, Director of Finance from Meridian Health System.

Mr. Hopkins reported that Meridian Hospital Corporation ("Meridian") has signed a Memorandum of Understanding with the Authority to undertake a tax-exempt public offering of approximately $235 million. Meridian operates four hospital divisions: Jersey Shore University Medical Center, Ocean Medical Center, Riverview Medical Center and Southern Ocean Medical Center. Through a subsidiary, Meridian also operates Bayshore Community Hospital. The proceeds of the bond issue will be used to refund all or a portion of Meridian's Series 1999 revenue bonds, Jersey Shore Medical Center's Series 1994 bonds, and Southern Ocean County Hospital's Series 2001 and Series 1999 bonds. Proceeds will also be used to pay the related costs of issuance and, if necessary, fund any debt service reserve fund.

Meridian had an excess of revenues over expenses of $77.9 million and $78.8 million for the years ending 2010 and 2009 respectively. Based upon unaudited information they are also showing an excess of revenues over expenses of $32.9 million for the first 7 months of this year. Excluding nursing bassinets, Meridian has 1,708 licensed beds and employs approximately 12,000 people. Meridian maintains an A- rating from S&P and, as Members could see in the Apollo financial summary information provided, Meridian has 207 days cash on hand, a profit margin of 7.57% and debt service coverage ratio of 3.86. They have indicated that this refunding will result in a present value savings of over $16 million dollars.

Meridian, its subsidiary Bayshore, and the other members of its obligated group have issued debt through the Authority in 1994, 1997, 1999, 2001, 2002, 2003, 2004, 2006 and 2007 totaling $829,745,000 of which $667,500,000 remains outstanding. The most recent issuance by the Authority on behalf Meridian occurred in 2007, when the Authority issued five tranches of auction rate securities totaling $242 million. With the collapse of the auction rate market, two tranches totaling $97 million were subsequently converted to weekly variable rate transactions and three tranches totaling $145 million were converted to 5% fixed rate term bonds maturing in 2038.

Meridian has asked that the Authority permit the use of a negotiated sale based on: 1) Volatile market conditions, and 2) Large issue size. These reasons are considered under the Authority's policy regarding Executive Order #26, to be a justification for the use of a negotiated sale; therefore, Mr. Hopkins recommended the consideration of the resolution approving the use of a negotiated public offering and the forwarding a copy of the justification in support of said resolution to the State Treasurer.

Meridian performed a competitive process to name its underwriter and has chosen Wells Fargo to serve as its senior managing underwriter. They have also conducted an RFP with respect to bond counsel and the Attorney General's Office has just recently appointed Wilentz, Goldman & Spitzer.

Mr. Escher asked the Members' pleasure with respect to the adoption of the resolution supporting the issuance of revenue bonds by negotiated transaction pursuant to Executive Order #26 on behalf of Meridian Health System. Dr. Kazmir offered a motion to adopt the resolution; Mr. Conroy seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. LL-19

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled "RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY NEGOTIATED TRANSACTION PURSUANT TO EXECUTIVE ORDER NO. 26."

(attached)

Mr. Escher asked when the Authority would be seeing Meridian again. Mr. Palermo responded that Meridian would be working on an accelerated basis and planned to be back at the Authority's October meeting.

4. EXTENSION OF MATURITY OF CAPITAL ASSET LOAN
P.G. Chambers School, Inc. f/k/a Children's Center for Therapy & Learning

Ms. Jessica Waite-Lucas introduced Susan Seamans from P.G. Chambers School, Inc. who was on the phone and Bill Mayer from Decotiis, Fitzpartick & Cole, LLP.

She drew the Members attention to Exhibit C of the Loan Agreement which had been provided.

She reported that on December 12, 2002, P.G. Chambers School Inc, formerly known as Children's Center for Therapy and Learning, received a loan from the Authority's Capital Asset Financing Program in the amount of $2,500,000.00; effective April 1, 2004 the loan was reduced to $1,589,636.43, per the request of the institution.

P.G. Chambers School has requested that the term of their Capital Asset loan be extended from October 1, 2012, until September 1, 2019, and that certain covenants in the Loan Agreement be modified.

The existing promissory note obligates PG Chambers to a balloon principal payment of approximately $1,014,000. The extension will necessitate level principal payments for the duration of the loan.

This extension will provide comfort to PG Chambers in the current economic time, allowing the school to provide additional funds to educational materials.

JPMorgan Chase, the Authority's Letter of Credit Provider for the Capital Asset Program, has issued its commitment letter to P.G. Chambers approving the extension of the term of the Loan and the modification of the covenants in the Loan Agreement.

A form of opinion by Decotiis, Fitzpatrick & Cole, LLP, bond counsel, has been provided indicating that consent of such action will not adversely affect the tax-exempt status and validity of the existing documents.

The Attorney General's office has reviewed the documents and has no objection to the Authority's consent of this Resolution.

Therefore, staff recommended the Board's approval of PG Chamber's request.

Mr. Conroy asked for some background information on the organization. Ms. Seamans explained that P.G. Chambers School provides pediatric rehabilitative services and special education programs for children with multiple disabilities. They provide outpatient services to a 10-county area in northern-central New Jersey.

Mr. Escher asked the Members' pleasure with respect to the resolution approving the extension of maturity for the Capital Asset Loan for P.G. Chambers School. Dr. Kazmir moved consent be given. Mr. Lovell seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. LL-20

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled "RESOLUTION APPROVING EXTENSTION OF TERM OF CAPITAL ASSET LOAN TO P.G. CHAMBERS SCHOOL, INC. (FORMERLY KNOWN AS CHILDREN'S CENTER FOR THERAPY AND LEARNING, INC.), AND APPROVING AMENDMENTS TO A LOAN AGREEMENT, PROMISSORY NOTE AND MORTGAGE AND SECURITY AGREEMENT".
(attached)

5. MODIFICATION OF SELF-INSURANCE PROGRAM
Virtua Health

Ms. Arvella King introduced Treasury Director Robert Osler from Virtua as well as Micheal Zuckerman, Managing Director of National Health Care Alternative Risk Practice and Professional Development at Aon Risk Services.

She reported that in May 2005, Virtua Health, Inc. requested the Authority's approval to create a captive insurance company to reinsure its primary layer of medical professional and general liability insurance coverages with Lexington Insurance Company. Virtua received this approval and the captive insurance company began business July 1, 2005. The captive, named Virtua Assurance, Inc. is a wholly owned captive insurance company and subsidiary of Virtua that is domiciled in Burlington, Vermont.

Now, with six years of self-insurance experience, Virtua is requesting the Authority's approval to modify its current medical professional and general liability insurance program by removing Lexington as their primary layer of coverage and replacing it with their captive insurance company. The current reinsurance arrangement with Lexington is inefficient, costing Virtua significant fees and tying up credit needed to collateralize the Lexington reinsurance agreement. These are resources that would otherwise be available for patient care.

Virtua has submitted in advance of this meeting, all certifications required for compliance under the Authority's current policy for an accepted captive insurance plan. They have also agreed to comply with the Authority's requirements of obtaining a Qualified Insurance Rating or providing a series of professional certifications that the Authority can rely upon, indicating that the captive is sufficiently funded and is compliant with the laws and regulations for a captive insurance company.

Staff has reviewed Virtua's request and is asking the Authority to pass a resolution allowing Virtua to use their captive insurance company as their primary carrier for their medical professional and general liability coverages.

Mr. Conroy inquired to the amount of fees Virtua would incur if they remained with Lexington. Mr. Osler responded that with this modification they would be saving approximately $500,000 annually. Ms. Kralik asked if now that they will be doing primary level insurance, would Virtua still be maintaining above layer re-insurance, and Mr. Osler answered yes, it would be separate from the captive insurance company and would be with other carriers, not Lexington.

Dr. Kazmir moved to approve the modification to the Self-Insurance Program for Virtua Health. Mr. Conroy seconded the motion. The vote was unanimous and the motion carried.

AB RESOLUTION NO. LL-21

NOW, THERFORE, BE IT RESOLVED, that the Authority hereby approves the modification to the Self-Insurance Program for Virtua Health, as recommended by Authority staff.

6. OLD BUSINESS/NEW BUSINESS

Mr. Ulysses Lee announced that he has accepted a position working as an attorney in the law department with Horizon Blue Cross/Blue Shield. Because this position presented a conflict of interest and makes him ineligible to serve on the Board, he offered his resignation, effective immediately following the meeting. He added that it has been a pleasure serving on the Authority, and it had been an educational and rewarding experience.

Mr. Escher acknowledged Mr. Lee's service and noted that due to Mr. Lee's role as Treasurer, he additionally served as chair of the Finance Committee. In light of the upcoming budget season, he stated that a new Treasurer should be elected and asked the Members' pleasure in selecting a new Treasurer.

Mr. Conroy offered a motion to nominate Dr. Kazmir to serve as Treasurer and Chair of the Authority's Finance Committee. Mr. Lovell seconded. The vote was unanimous and the motion was approved.

AB RESOLUTION NO. LL-22

NOW, THEREFORE, BE IT RESOLVED, that Dr. Munr Kazmir is hereby elected to serve in the official position of Treasurer until May 24, 2012, or until the next election of officers.

BE IT FURTHER RESOLVED, that Dr. Kazmir will chair the Authority's Finance Committee.

Mr. Escher added that Dr. Kazmir's term in his newly elected position will begin immediately following the ten-day veto period for the Authority's minutes, barring veto notification from the Governor's Office.

7. APPROVAL OF EXPENSES

Mr. Escher referenced a summary of Authority expenses and invoices. Dr. Kazmir offered a motion to approve the bills and to authorize their payment; Mr. Conroy seconded. The vote was unanimous and the motion was approved.

AB RESOLUTION NO. LL-23

WHEREAS, the Authority has reviewed memoranda dated September 15, 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, $22,572.00 and $877.64 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.

8. STAFF REPORTS

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

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

1. Mr. Hopkins expressed his appreciation for the work and participation of Mr. Lee and stated that he and the Authority staff would miss his service.

2. The American Jobs Act, proposed last week by President Obama, will limit the amount of the tax-exemption for owners of tax-exempt bonds in higher tax brackets. Effectively, those in federal income tax brackets of 28% or below would see no change. However, those in tax brackets above 28% would have the tax-exemption on the interest earned on their tax-exempt bonds limited to an amount equal to those in the 28% tax bracket. If this is enacted, it is likely to increase the cost of borrowing through tax-exempt bonds. An article from Barron's on the subject was provided to Members.

3. On September 9th, the Authority disbursed $750,000 of the up to $2.5 million loan Authority Members approved at the last meeting for the Hoboken Municipal Hospital Authority. Earlier in the week, the Authority received a request for an additional $1,000,000, which was expected to be disbursed later that day. Also on the same day as the meeting, the bankruptcy court was considering the settlement agreement between creditors and Hudson Healthcare, Inc., the not-for-profit management company that managed Hoboken University Medical Center on HMHA's behalf. It was believed that, if the settlement agreement was approved, HMHA's sale of HUMC to HUMC Holdco would close at the end of September or early October, pending

approval of the Certificate of Need application, of course. There have been accusations of a lack of transparency in the sale process as well as alleged fraud in the bankruptcy filing, which have been reported extensively in the press. Several of the articles were provided to Members. In addition, at a Hoboken City Council meeting the previous night, council did not approve a bond issue for $5 million to add money to the hospital settlement.

4. On September 7th, Lou George, the Authority's Director of Project Management, attended the opening ceremony of Shore Memorial Medical Center's new surgical pavilion, which was partially financed by the Authority.

5. The Authority received a request from St. Mary's Hospital to approve a replacement Accounts Receivable line of credit. The Authority could not come to an agreement with the new provider of the Accounts Receivable line of credit on the language of the Subordination Agreement, which governs the subordination of the Authority's security interest in Accounts Receivable to the provider of the Accounts Receivable line of credit.

6. Hospital News

a. Holy Name Medical Center, Our Lady of Lourdes Medical Center and Warren Hospital were among 12 New Jersey hospitals ranked in the top 14% of hospitals in the nation under a program of The Joint Commission, a national hospital accrediting agency. The program, entitled "Top Performer on Key Quality Measures," ranked hospitals on 22 health accountability measures. These rankings were just released but are based on 2010 performance.

b. Barnabas Health is in talks with UMDNJ to take over University Hospital in Newark.

c. The Governor announced Tuesday that he was giving preliminary approval to a plan to merge Robert Wood Johnson Medical School, its School of Public Health and the Cancer Institute of New Jersey with Rutgers University.

d. Capital Health Medical Center plans to offer area residents a preview of its new hospital in Hopewell on October 2nd. The hospital will replace Mercer Medical Center, located in Trenton.

e. Lourdes Health, a subsidiary of Catholic Health East, has announced that Mark Nessel has been named Executive Vice President and Chief Operating Officer. Mr. Nessel was previously Senior Vice President of Hospital Operations at St. Mary's Hospital in Langhorne, PA. St. Mary's is also a CHE affiliate. Lourdes Health operates Our Lady of Lourdes Medical Center in Camden and Lourdes Medical Center of Burlington in Willingboro.

f. Valley Hospital's proposed plan to rebuild its hospital on its site in the Village of Ridgewood is slated to be the subject of seven public hearings before the Ridgewood Village council as part of its process to adopt master plan revisions approved by the Ridgewood Planning Board in June of 2010. Valley's initial reconstruction plan is scheduled to take place over seven years and cost over $500,000,000, increasing the hospital's square footage from 564,000 square feet to 959,000 square feet.

7. In conclusion, Mr. Hopkins noted the absence of his assistant, Carole Conover, whose mother was experiencing sudden health problems. He expressed that everyone's thoughts and prayers were with her.

In response to the item on Hoboken University Medical Center, Mr. Escher inquired as to what the current circumstances and allegations meant to the Authority. Mr. Hopkins noted that the Authority agreed to loan $2.5 million to Hoboken Municipal Hospital Authority (HMHA) which is not in bankruptcy. The company hired by HMHA to manage the hospital, Hudson Healthcare Inc., is the entity which has declared bankruptcy. Mr. Hopkins added that the current allegations claim HMHA intentionally forced the management company into bankruptcy. The discussion turned towards a possible motive, which could include HMHA's desire to keep money from the management company. However, Mr. Hopkins added it is essentially a flow-through, where money comes into HMHA and flows into the management company. The Authority will continue to monitor the situation.

This concluded the Executive Director's report.

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

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF MINUTES OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY MEETING HELD SEPTEMBER 22, 2011.

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Stephen Fillebrown, Assistant Secretary