Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on March 22, 2012 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); Joe Lario, Designee of the Commissioner of Health and Senior Services; Maryann Kralik, Designee of the Commissioner of Banking and Insurance; Robert Bollaro, Designee of the Commissioner of Human Services; Dr. Munr Kazmir, Public Member 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, Carole Conover, Linda Hughes, Bill McLaughlin, Edwin Fuentes, Marji McAvoy, Jessica Waite-Lucas, Christopher Kulick and Taryn Brzdek.

*The following **representatives from the State and/or the public** were in attendance:*
Cliff Rones, Deputy Attorney General; Brandon Minde, Governor's Authorities Unit; Tony Esposito of AtlantiCare Regional Medical Center; Joseph McCarthy of AtlantiCare Health System; John Kelly, Esq., of Wilentz, Goldman, & Spitzer P.A.; Tony Orlando of Englewood Hospital & Medical Center; Gary Walsh of Windels Marx Lane & Mittendorf; Warren Broudy, Jill Ann Murphy and Emily Stahlin of Mercadien; Scott Kobler of McCarter and English, LLP; Kay Fern of Evergreen Financial; Glenn Wagner of KHA; Bridget Devane of HPAE; and Douglas Placa of JNESO.

CALL TO ORDER

Vice-Chairman Gus Escher called the meeting to order at 10:06 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
February 23, 2012 Authority Meeting

Minutes from the Authority's February 23, 2012 meeting were presented for approval. Dr. Kazmir offered a motion to approve the minutes; Mr. Lario seconded. The vote was unanimous and the motion carried.

2. CONTINGENT BOND SALE
AtlantiCare Health System

Ms. Suzanne Walton introduced Tony Esposito, Executive Director of Corporate Finance for AtlantiCare Health System and Joseph McCarthy, Corporate Director of Finance for AtlantiCare Regional Medical Center.

She informed the Members that they were being asked to consider a contingent sale of bonds on behalf of AtlantiCare Regional Medical Center Obligated Group ("AtlantiCare" or "the Borrower"), in an aggregate principal amount not to exceed $46,935,000 and a final maturity not to exceed July 1, 2025. The proceeds of the Series 2012B bonds, together with other funds, will be used to provide funds to currently refund and redeem all of the Authority's outstanding Revenue and Refunding Bonds, Atlantic City Medical Center Issue, Series 2002 and to pay the related costs of issuance.

The Series 2012B bonds will be privately placed with PNC Bank, National Association and will constitute parity obligations secured by a mortgage and gross receipts pledge. The bonds are multi-modal and shall initially bear interest in the Direct Purchase Mode (fixed rate) from closing until July 1, 2022 at which time the Series 2012B bonds are subject to a mandatory tender unless the borrower and the bank have previously agreed to an extension of such mandatory tender date. At any time prior to that date, the borrower has the option to convert the Series 2012B bonds to an alternate interest rate mode as provided in the trust agreement. The initial interest rate will be set at closing and will be calculated as 70% of PNC Cost of Funds (2.093) plus a spread of 95 basis points. Had the transaction closed on Tuesday, the rate would have been set at 2.43%. No disclosure document was prepared in connection with this transaction and, as a result, the bank will be providing the Authority with a traveling investor letter on the date of closing.

BOND RESOLUTION

John Kelly, Esq., of Wilentz, Goldman, & Spitzer P.A. stated that the bond resolution authorizes the issuance of the Series 2012B bonds in an aggregate principal amount not in excess of $46,935,000, at an interest rate not to exceed 5% per annum through and including June 30, 2022 (which initial rate shall be subject to increase as provided in the Trust Agreement, but in any event shall not exceed 12% per annum) and, thereafter, shall not exceed 12%. The Series 2012B bonds will have a final maturity no later than July 1, 2025 and the redemption price for any Series 2012B bonds shall not exceed 105% except in the case of a "make-whole" redemption as provided in the trust agreement. The Series 2012B bonds will be secured by payments made by the Obligated Group under its Loan Agreement, as evidenced and secured by a Note issued pursuant to the provisions of a Master Trust Indenture and amounts on deposit in certain funds held by the bond trustee pursuant to the trust agreement. Additional security will include a gross receipts pledge together with a mortgage on certain AtlantiCare property. The bond resolution approves the form of and authorizes the execution of a Direct Bond Purchase Agreement with PNC Bank, National Association, in its capacity as purchaser of the Series 2012B bonds prior to the close of business on June 27, 2012. In addition, the bond resolution approves the form of, and authorizes the execution and delivery of, the Series 2012B bonds, the trust agreement, the loan agreement and the calculation agent agreement by and among the bank, the Authority, the borrower and the bond trustee which provides that the bank will perform the functions of the calculation agent under the trust agreement.

Finally, the bond resolution appoints TD Bank, National Association as bond trustee, bond registrar and paying agent for the Series 2012B bonds and authorizes the authorized officers 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 direct bond purchase agreement, the trust agreement, the loan agreement and the calculation agreement, the completion of the refunding and the issuance and sale of the Series 2012B Bonds.

Following a request from Mr. Escher for clarification on the option to alter maturity resets being delayed ten years, Ms. Walton stated that there was a fixed rate set for a ten-year period, and at the end of that ten-year period, there is a mandatory redemption of the bonds. However, the borrower does have the ability before that date to open up negotiations with the bank to extend that mandatory tender. This deal was considered multi-modal even though there was a fixed rate negotiated for a ten-year period. Mr. Kelly added that this is a 13 year bond that will mature in 2025. PNC has agreed to buy that bond for the first ten years at a fixed rate. At the end of that ten-year period, if AtlantiCare and PNC don't agree on an extension, AtlantiCare will have to take those bonds and market them at a different interest rate, which makes it multi-modal.

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

AB RESOLUTION NO. LL-53

> **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 REFUNDING BONDS, ATLANTICARE REGIONAL MEDICAL CENTER OBLIGATED GROUP ISSUE, SERIES 2012B"

(attached)

Mr. McCarthy thanked the Staff and the Authority. He assured them that AtlantiCare intends to continue to do quality work in Atlantic County and the surrounding area, and the money from the savings will be put to good use.

3. NEGOTIATED SALE REQUEST
Kennedy Health System

Mr. Lario recused himself from the item pertaining to Kennedy Health System, as he is a former employee, and stepped away from the Board table.

Mr. Mark Hopkins informed the Members that Kennedy Health System ("Kennedy") has signed a Memorandum of Understanding with the Authority to undertake a tax-exempt public offering of approximately $70 million. The proposed transaction is expected to currently refund the Series 1997A bonds, the Series 1997B bonds and the Series 2001 bonds, all of which were issued by the Authority; finance certain capital projects; finance the acquisition of certain new equipment; reimburse Kennedy for certain prior expenses; fund the Debt Service Reserve; and pay related costs of issuance.

Kennedy is a New Jersey not-for-profit organization that operates a 607 bed multi-campus hospital system with facilities in Stratford, Cherry Hill and Turnersville, New Jersey. Kennedy Memorial Hospital (the "Hospital") is the core component of the system and is a major teaching affiliate of University of Medicine and Dentistry of New Jersey, New Jersey School of Osteopathic Medicine.

According to the consolidated audited financial statements provided with the Memorandum of Understanding, Kennedy generated an excess of revenues over expenses of approximately $12.71 million for 2010 and $13.65 million in 2009. Unaudited information for year-end 2011 indicates excess revenues over expenses of $6.15 million. Kennedy has approximately 2,900 full-time employees, and is currently rated A3 by Moody's Investor Services. A preliminary refunding analysis dated March 19, 2012 indicates approximately $5.55 million or 9.22% present value savings on the refunded bonds.

Kennedy has issued debt through the Authority during 1997 and 2001 with an aggregate par amount of $101,850,000 of which approximately $60 million remains outstanding. An affiliated organization, Kennedy Health Facilities, issued $16,340,000 in tax-exempt bonds through the Authority during 2009.

Kennedy has asked that the Authority permit the use of a negotiated sale based on: (1) Sale of a complex or poor credit; and (2) Volatile market conditions. 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 of a copy of the justification in support of said resolution to the State Treasurer.

Kennedy has indicated that it has performed a competitive process to name an underwriter and wishes to utilize the services of Lancaster Pollard as the senior managing underwriter for the bonds. Further, Kennedy has completed its RFP process for the selection of bond counsel and has made its recommendation to staff. Staff is awaiting the decision of the Attorney General's Office on the assignment of bond counsel.

Staff expects to conduct an Informational Presentation at the April 2012 meeting followed by a Contingent Bond Sale Presentation at the May 2012 meeting.

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 Kennedy Health. Dr. Kazmir moved to adopt the resolution. Mr. Bollaro seconded. Mr. Escher, Mr. Bollaro, Ms. Kralik, Ms. Rodriguez and Dr. Kazmir voted yes and the motion carried.

AB RESOLUTION NO. LL-54

> **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. Lario returned to the Board table.

4. **ENGLEWOOD HOSPITAL & MEDICAL CENTER**
   a. **Capital Asset Program Loan Approval**

Ms. Walton introduced Tony Orlando, Chief Financial Officer from Englewood Hospital & Medical Center. She informed Members that Englewood Hospital and Medical Center was requesting a CAP loan in the amount of $4.5 million to provide funds to finance and/or reimburse the Medical Center for the acquisition of capital equipment including, but not limited to, nursing monitors, an ultrasound machine, information technology servers and cardiac cath lab equipment.

The Medical Center is a 520-licensed bed acute care facility located in Englewood, New Jersey. Its service area is primarily comprised of the 22 towns situated in the northern valley of Bergen County and residents in northern Hudson County and southern Rockland County, New York.

In addition to providing general acute care services, the Medical Center is one of the primary teaching affiliates of the Mt. Sinai School of Medicine in New York. The affiliation brings to the Medical Center residents in surgery, pediatrics and pathology, as well as critical care medicine fellows. Englewood also offers a broad range of clinical programs including the Breast Care Center, the Institute for the Advancement of Bloodless Surgery, the Vascular Institute, the Family Birth Place and new state-of-the-art Emergency Department.

Apollo financial summary information provided to the Members showed that Englewood reported positive bottom lines for the years 2008 through 2010. Based on unaudited numbers for 2011, the Medical Center will report excess revenues over expenses of $14.9 million which includes revenue from the sale of their Home Health Agency which netted it approximately $8.2 million. Excluding that revenue, the Medical Center's Revenue over Expenses would be $6.7 million. Englewood's cash position also improved from 30 days in 2008 to 52 days cash in 2010. In 2011, days cash on hand dropped to 42 days due to expenses associated with the acquisition of physician practices and the implementation of a new computer system. Management attributes their improved financial performance to strategic planning initiatives implemented over the past several years that focused on growth strategies, monitoring operations, quality of care and patient/physician and employee satisfaction.

Turning to utilization, inpatient admissions have remained relatively flat. The increase in admissions reflected in 2010 is the result of a proper adjustment in reporting to include same day medical admissions. Year-to-date 2011 numbers show a slight decline in admissions. Outpatient admissions, however, have grown despite economic and competitive pressures, most notably, in the area of emergency room visits. Occupancy rates, when calculated on maintained beds of 360 rather than the licensed bed complement, increase to the 62% level and average length of stay has declined.

JPMorgan Chase Bank, provider of the credit and liquidity support for the CAP Program, performed an independent credit analysis and approved the loan subject to the Medical Center providing a first priority security interest in the equipment being financed with loan proceeds.

Dr. Kazmir recused himself from all of the items pertaining to Englewood Hospital and Medical Center, as his company receives referrals from Englewood, and stepped away from the Board table.

Mr. Lario offered a motion to approve the Capital Asset Program loan in the amount of $4,500,000 on behalf of Englewood Hospital & Medical Center; Mr. Bollaro seconded. Mr. Escher, Mr. Lario, Mr. Bollaro, Ms. Kralik and Ms. Rodriguez voted yes and the motion carried.

AB RESOLUTION NO. LL-55

> **NOW, THEREFORE, BE IT RESOLVED**, that Authority hereby adopts the resolution entitled "A RESOLUTION APPROVING A CAPITAL ASSET PROGRAM LOAN TO ENGLEWOOD HOSPITAL AND MEDICAL CENTER."

b. <u>Approval of Closure of Clinic and Grant to Local FQHC</u>

Dr. Kazmir renewed his recusal from the items pertaining to Englewood Hospital and Medical Center, as his company receives referrals from Englewood.

Mr. Edwin Fuentes informed Members that Englewood Hospital and Medical Center has requested the Authority Members' consideration of a plan to close its clinic, which is operated in Englewood, as well as an annual grant of up to $500,000 to a Federally Qualified Health Center which is expected to serve Englewood's former clinic patients.

In 2002, the Authority issued $99,955,000 in Revenue Bonds on behalf of Englewood (the "Series 2002 Bonds") for the purposes of financing the construction of an ambulatory care center, routine renovations to the existing facilities, the acquisition of equipment, refunding of outstanding bonds, and other costs related to the issuance of the bonds.

The Series 2002 Bonds are secured by a Note, which in turn is secured by a Mortgage on certain property of Englewood and a Security Agreement securing certain fixtures and equipment of Englewood. Payments under the Note are insured by FHA (the Federal Housing Administration) on behalf of the Secretary of Housing and Urban Development (“HUD”). The outstanding balance on the Series 2002 Bonds as of December 31, 2011 was $83,825,000.

If it receives the consent of the Authority and HUD, the proposed plan would result in the closure of Englewood’s clinic, freeing up usable space in the hospital for other purposes; Englewood’s granting of up to $500,000 per year to an FQHC to assist it in accepting patients that would have normally been seen at Englewood’s clinic; and the subleasing of space currently under lease to Englewood to the FQHC.

Englewood’s clinic has operated at a loss of approximately $1 million a year. This transaction would result in a net savings of $500,000 per year to Englewood, after accounting for the maximum $500,000 grant from Englewood to the FQHC. It would also allow Englewood to use the space in the hospital currently occupied by the clinic for other uses.

Englewood and HUD have requested the Authority’s consent, as mortgagee, to the closure of the clinic and the up to $500,000 annual grant before it will consider providing its own consent as insurer of the mortgage.

Gary Walsh from Windels Marx Lane and Mittendorf, bond counsel on the matter, has prepared a draft opinion which was provided to Members. Delivery of the opinion is contingent on bond counsel’s receipt of additional information from Englewood. Also provided to Members was a proposed resolution delegating the authority to the Executive Director to consent to Englewood’s plan once bond counsel and the Executive Director of the Authority are satisfied that all necessary information is received, that the opinion from bond counsel is delivered, and certain additional criteria are met.

Mr. Fuentes recommended that the Authority Members approve the resolution delegating the authority to the Executive Director to consent to Englewood’s plan once all necessary criteria are met, contingent on the subsequent approval of HUD.

Mr. Lario asked for clarification on the financial impact of closing the clinic and the support of the FQHC by Englewood. Mr. Orlando replied that clinics at hospitals typically operate with a financial loss. The clinic currently operates at a loss of approximately $1 million per year. Englewood’s grant to the FQHC would help them to subsidize their revenues and allow them to operate more hours than Englewood currently operates the clinic. Englewood will net $500,000 in savings from the transaction. Mr. Lario asked if the patients who would’ve gone to the clinic would be able to go to the FQHC with no disruption of service. Mr. Orlando stated that they would be able to receive the care with no disruption in service; that the new location was more centrally located to the patient population that would be using it; patients have already begun to receive information on the location and hours; that overall it is seen as a win-win; and the Department of Health in Englewood is a large supporter of the plan and believes it will be great for the community.

Mr. Escher asked the Members' pleasure with respect to the adoption of the Resolution on behalf of Englewood Hospital & Medical Center. Mr. Bollaro made a motion to approve the adoption of the Resolution. Mr. Lario seconded. Mr. Escher, Mr. Lario, Mr. Bollaro, Ms. Kralik and Ms. Rodriguez voted yes and the motion carried.

AB RESOLUTION NO. LL-56

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled "RESOLUTION CONSENTING TO THE TRANSFER OF THE INSTITUTION'S CLINIC SERVICES RELATED TO THE AUTHORITY'S REVENUE BONDS ENGLEWOOD HOSPITAL AND MEDICAL CENTER ISSUE (FHA INSURED MORTGAGE), SERIES 2002."

(attached)

c. Request for Authorization of Documents Related to Bond Defeasance

Dr. Kazmir renewed his recusal from the items pertaining to Englewood Hospital and Medical Center, as his company receives referrals from Englewood.

Mr. Fuentes informed the Members that Englewood Hospital and Medical Center has received a proposal for a taxable GNMA refinancing of their Series 2002 Authority Revenue Bonds. The proposed taxable refinancing is projected to save the hospital in excess of $8 million in debt service over the loan's remaining term. In order to proceed with the refinancing, the Authority must execute certain documents including the Letter of Instructions, the Endorsement of the Mortgage Note, the Assignment of the Mortgage, the Assignment of the Security Agreement, application with the Bond Trustee to purchase SLGS securities, and any other incidental actions deemed necessary and desirable to accomplish the transactions described.

Windels Marx Lane and Mittendorf, acting as bond counsel, prepared these documents, which were provided to Members. Mr. Fuentes recommended that Members approve the resolution delegating the ability to an Authorized Officer of the Authority to execute and deliver such documents.

Mr. Escher asked the Members' pleasure with respect to the adoption of the Resolution on behalf of Englewood Hospital & Medical Center. Mr. Lario made a motion to approve the adoption of the Resolution. Mr. Bollaro seconded. Mr. Escher, Mr. Lario, Mr. Bollaro, Ms. Kralik and Ms. Rodriguez voted yes and the motion carried.

AB RESOLUTION NO. LL-57

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled "RESOLUTION AUTHORIZING THE EXECUTION OF CERTAIN DOCUMENTS IN CONNECTION WITH THE ASSIGNMENT OF THE MORTGAGE AND NOTE RELATED TO THE

AUTHORITY'S REVENUE BONDS ENGLEWOOD HOSPITAL AND MEDICAL CENTER ISSUE (FHA INSURED MORTGAGE), SERIES 2002 AND THE DEFEASANCE OF SUCH BONDS."

(attached)

Dr. Kazmir returned to the Board table.

5. AUDIT COMMITTEE REPORT

Mr. Joe Lario of the Audit Committee presented the Audit Committee report to Members. He reported that Warren Broudy, Jill Ann Murphy and Emily Stahlin at Mercadien, presented the Authority's 2011 Audit to the Audit Committee on March 6, after which the Committee voted to approve the audit. Mr. Lario told Members that today the Audit Committee would be seeking Members' approval of the 2011 Audit, as well as approving its submission to the Governor, members of the Legislature, the Secretary of State, and the Comptroller of the Treasury by March 31, as is required by the Authority's enabling legislation.

Mr. Lario reported that the auditors found:

i. No problems with the Authority's internal controls.
ii. No significant or unusual Authority transactions
iii. No audit adjustments
iv. No misstatements
v. No difficulties dealing with management.
vi. In regards to major accounting estimates, all estimation processes appeared appropriate.
vii. All appropriate disclosures were included.

Mr. Lario noted that Mr. Broudy and Ms. Murphy both commended the Authority's high regard for internal controls.

Mr. Broudy informed Members that the Authority management and staff did a great job, and it is not often that Mercadien is able to go into an account and start auditing on the first day without having to chase down information. That was the case with the Authority, as management and staff were helpful in the process.

As there were no questions, Mr. Lario made a motion for the Members to approve the 2011 Audit, and submit it according to the Authority's enabling legislation. Dr. Kazmir seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. LL-58

NOW, THEREFORE, BE IT RESOLVED, that Authority Members hereby approve a resolution to authorize the 2011 Audit's approval and submission to the Governor, members of the Legislature, the Secretary of State, and the Comptroller of the Treasury by March 31, as is required by the Authority's enabling legislation.

6. **AMENDMENT TO BUDGET**

Mr. Mark Hopkins informed Members that in 1994, the Authority issued $35,145,000 in bonds on behalf of Bayonne Hospital (the "1994 Bonds") and issued an additional $22,725,000 in 1998 (the "1998 Bonds"). Both the 1994 Bonds and 1998 Bonds were insured by Financial Security Assurance ("FSA").

In February of 2008, Bayonne Hospital was sold out of bankruptcy to a for-profit entity. The 1994 and 1998 Bonds remain outstanding in the amounts of approximately $2,385,000 and $22,725,000 respectively. The principal and interest on the bonds is being paid by FSA as they become due. Staff believes the Authority should engage special tax counsel to determine if there are any tax or other consequences related to the fact that the 1994 Bonds and the 1998 Bonds remain outstanding and the facility that was financed by those bonds is now owned by a for-profit entity.

The Attorney General's office has selected the firm of Hawkins, Delafield & Wood to serve as special tax counsel on this matter. The fee cap quote from Hawkins, Delafield & Wood for their work on this matter is $12,000, plus expenses.

Assuming a total cost of $13,000, this additional expense will not materially alter the Authority's financial condition for 2012. Contractual Services expenses will increase from $209,570 to $222,570 and total Anticipated Receipts Over Disbursements will be reduced from $464,201 to $451,201.

Staff requested that the Authority Members approve an amendment to the Authority's 2012 budget of an expense not to exceed $13,000 in a new line item entitled "Special Tax Counsel" under the heading of "Contractual Services."

Dr. Kazmir made a motion to amend the Authority's 2012 budget, not to exceed $13,000, in a new line item entitled "Special Tax Counsel." Mr. Bollaro seconded the motion. The vote was unanimous and the motion carried.

AB RESOLUTION NO. LL-59

NOW, THERFORE, BE IT RESOLVED, that the Authority hereby amends the Authority's 2012 budget to permit an increase, not to exceed $13,000, in a new line item entitled "Special Tax Counsel" under the heading of "Contractual Services."

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. Lario seconded. The vote was unanimous and the motion was approved.

AB RESOLUTION NO. LL-60

> **WHEREAS,** the members of the Authority have reviewed the memoranda dated March 15, 2012, summarizing 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, $7,641.97 and $235,816.86 respectively, and have found such expenses to be appropriate;
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> **NOW, THEREFORE, BE IT RESOLVED,** that the members of the Authority hereby approve all expenses as submitted, and authorize 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. The Audit Committee Members (Joe Lario, Maryann Kralik and Ryan Feeney) were reminded that there is an Audit Committee meeting scheduled for Wednesday, April 4 at 10:00 a.m. to discuss the Authority's draft Single Audit with the auditors. The Single Audit is required by, and relates specifically to, the federal Health Information Technology Grant.

2. Authority Members and Senior Staff are required to file Financial Disclosure Statements with the State Ethics Commission by no later than May 15, 2012. Filings must be made electronically through the State Ethics Commission website. Late filers will be subject to a fine of up to $50 per day. Authority Members are required to file the somewhat less onerous disclosure for Public Officers (not Public Employees). If Members have any questions about the process they can call Mr. Hopkins or Robin Piotrowski, the Authority's Ethics Liaison Officer.

3. The Department of Health & Senior Services has published its 2011 Hospital Performance Report. The report contains a list of several safety and quality measures that offer a way of evaluating the success or failure of treatment of care at each hospital in the State and how that hospital compares to state averages and benchmarks. One copy was available at the meeting and it is generally available on the Department's website. Mr. Hopkins also provided Members

with a copy of Inside Jersey 2012 Top Hospitals report prepared in conjunction with the health care research and information company, Castle Connelly Medical, Ltd.

4. The Department also announced the planned distribution of the $675 million included in the Governor's budget for charity care to hospitals in State Fiscal Year 2013. The overall amount is unchanged from 2012, but amounts to individual hospitals may change slightly based on documented increases or decreases in the levels of charity care provided at each hospital. Charity Care payments cover some of the costs for treating the working poor and uninsured.

5. Hospital News

a. Christ Hospital, which is currently in bankruptcy, has received two bids in the auction process to sell itself. The bidders are Hudson Hospital Opco & Hudson Hospital Propco, LLCs formed by the owners of Bayonne Medical Center and Hoboken University Medical Center, and Community Healthcare Associates, a for-profit entity that purchased Barnert Hospital and transformed it into a medical mall. CHA is planning to lease at least half the hospital to Jersey City Medical Center, a not-for-profit organization. Both bidders intend to continue to operate at least part of Christ as an acute care hospital. The court is scheduled to determine the successful bidder tomorrow.

b. Ascension Health Care Network, a for-profit joint venture between the large Catholic not-for-profit Ascension Health, and the capital equity firm of Oak Hill Capital Partners, has been selected by St. Clare's Health System, a not-for-profit subsidiary of Catholic Health Initiatives, to be their exclusive negotiating partner for the acquisition of St. Clare's hospitals in Boonton, Denville, Dover and Sussex. Ascension is also in discussions to acquire Saint Joseph's Medical Center and Saint Mary's Medical Center.

c. Meadowlands Hospital has named Lynn McVey as its new CEO. Ms. McVey was the vice president of operations at Meadowlands before being promoted. Tom Gregorio, the former CEO, has gone on to pursue other opportunities in the health care technology field.

d. Ron Guy has left as CFO of Capital Health System. Shane Fleming is serving as interim CFO.

e. Catholic Health East, the Catholic entity which operates 35 hospitals on the east coast, has had its "A+" rating affirmed by Fitch, with a stable outlook. In New Jersey, Catholic Health East operates Lourdes Health System in Camden and Willingboro, St. Francis Medical Center in Trenton, and St. Michael's Medical Center in Newark.

f. JFK Health System has unveiled a plan for the former site of Muhlenberg Hospital in Plainfield. The plans include luxury apartments and commercial retail space on approximately 11 acres of the site. On the remaining 6 acres, JFK intends to continue to operate a satellite emergency department, a dialysis center and a nursing school. The plans are being vetted by the Plainfield community members. Zoning variances will be required for the plan to go through.

g. St. Luke's Warren Hospital has announced that its CEO, Thomas Litz, is stepping down on June 15. Mr. Litz joined the former Warren Hospital in 2009, and guided the hospital through its acquisition by St. Luke's University Health Network earlier this year.

h. Somerset Medical Center and Robert Wood Johnson University Hospital announced that they have agreed to form a partnership. The structure of the partnership has not yet been finalized but the governing bodies of both organizations are in discussions and reviewing options.

6. Authority News

a. Lou George is retiring at the end of next week. Interviews have been conducted for his replacement, with his successor expected to be named before the end of the month.

b. The Authority has hired Taryn Brzdek as temporary Administrative Assistant to fill the shoes of Tammy Trovato while she is on maternity leave. Taryn previously worked as Office Manager at the School-Age Fun and Enrichment Program of the Robbinsville School System. Prior to that, she worked as Front Desk Manager at the RWJ Center for Health and Wellness in Hamilton.

c. The Authority is also in the process of filling the positions of Health Information Technology Project and Grant Manager, to replace the late Lori Jefferson, and Database Administrator, to replace the promoted Taryn Jauss. Interviews have concluded for the position of Database Administrator, with a selection expected to be made shortly. Interviews for the HIT Project and Grant Manager are beginning tomorrow. A selection should be made by the end of April.

d. Brandon Minde, representative from the Governor's Authorities Unit will be moving on to the Governor's Counsel's Office. He has been of great service to the Authority and very communicative. Mr. Hopkins wished him congratulations and good luck.

This concluded the Executive Director's report.

9. EXECUTIVE SESSION

At this point, Mr. Escher asked the Members to meet in Executive Session to discuss contractual negotiations regarding St. Mary's Hospital. As permitted by the Open Public Meetings Act and the Authority's By-Laws, Dr. Kazmir moved to meet in Executive Session to discuss contractual negotiations. Mr. Bollaro seconded it. The vote was unanimous and the motion carried.

AB RESOLUTION NO. LL-61

NOW, THEREFORE, BE IT RESOLVED, that, as permitted by the Open Public Meetings Act and the Authority's By-laws, the Authority meet in Executive Session to discuss contractual negotiations regarding St. Mary's Hospital,

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

Public session reconvened. No action was taken during Executive Session.

As there was no further business to be addressed, following a motion by Dr. Kazmir and a second by Mr. Lario, the Members voted unanimously to adjourn the meeting at 11:10 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 MARCH 22, 2012.

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Carole A. Conover, Assistant Secretary