1972~2012

Celebrating 40 Years

of saving money for those who are saving lives

NJHCFFA

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY

2012 Annual Report

NJHCFFA Mission Statement

"To ensure that all healthcare organizations have access to the financial resources to improve the health and welfare of the citizens of the State."

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Message from the Chair

Mary O'Dowd, Commissioner of Department of Health

New Jersey's hospitals are treasured assets in their communities and an economic engine for our state. Recognizing the tremendous service our hospitals provide, Governor Chris Christie has invested significant state funding to support their financial viability. Overall, hospitals' financial health has improved since last year. Median profit margins have increased and there was a growth in the number of hospitals experiencing profitability.

The Fiscal Year 2014 budget provides nearly $1 billion in funding to New Jersey's hospitals. The largest portion of this funding, $675 million, is dedicated to our state's Charity Care program, which supports services provided for uninsured residents.

In recognition of the essential role New Jersey's teaching hospitals play in health care workforce development, Graduate Medical Education (GME) funding increases by $10 million to $100 million. Since the beginning of the Christie Administration this program has seen a $40 million increase.

In this year's budget, there is a new initiative called the Delivery System Reform Incentive Payments (DSRIP) program, which is funded at $166.6 million. The DSRIP program, which is part of the Medicaid Comprehensive Waiver, is a new incentive-based funding pool that hospitals may voluntarily apply for. This program is the first of its kind in New Jersey and will provide incentive funding to hospitals to invest in improving the quality of care they provide. The Department worked closely with the hospital industry on the design of this pool through regular meetings with the five hospital associations.

In addition to the Department of Health, the New Jersey Health Care Facilities Financing Authority (HCFFA) also plays a critical role in helping our hospitals thrive. Since HCFFA's creation, more than 150 health care organizations throughout the state have benefited from receiving tax-exempt bonds. HCFFA has issued billions in bonds and the savings that health care facilities receive are often reinvested in the community through programs and services offered by the hospitals. I want to congratulate HCFFA on their 40th anniversary and thank them for their support of New Jersey's health care industry. §

Message from the Executive Director

Mark E. Hopkins, Executive Director

In 2012, the Authority celebrated its 40th anniversary of providing New Jersey's health care organizations with access to the financial markets. The Authority was created through legislation signed by Governor William T. Cahill in 1972. Since that time, it has issued over $18 billion in bonds on behalf of over 150 health care entities, including not-for-profit and for-profit organizations, hospitals, nursing homes, assisted living facilities, continuing care retirement communities, federally qualified health centers and homes for multi-handicapped individuals, among others.

Eight New Jersey health care organizations received financing in 2012, with $488,800,148 issued through bonds, a Capital Asset Program loan, and the new Master Leasing program, which addresses one of the unique financing needs of health care systems. Borrowing through the Authority's tax-exempt bonds in 2012 saved these eight health care organizations an estimated $86.9 million compared to taxable financings.

In March of 2012, the Authority entered into its inaugural Master Lease Agreement with Barnabas Health. Through the Master Lease, health care systems are able to initiate a tax-exempt leasing program across all of their tax-exempt affiliates, which act as sublessees. Each sublessee enters into a Master Lease Agreement with one or more lessors, so long as the aggregate amount permitted under all of the Master Lease Agreements do not exceed the cap approved by the Authority, which amount varies by institution. This provides for quick turnaround, customary with private party leasing, and the ability to lease at lower, tax-exempt interest rates, unique to Authority financings.

As we have seen in the past few years, the trend towards refundings continued, with only 4% of the amount of all bonds issued in 2012 going towards new money projects, and the remainder going towards refundings, costs of issuance and debt service reserves. However, several hospitals have already indicated an interest to finance new construction in 2013 and beyond.

Over the last year, we have seen health information exchanges throughout the State continue to make advancements, with the ultimate goal of having regional information exchanges sharing data among providers, each other and also connecting to a State health information network. These advancements are possible, in large part, thanks to a federal grant, received by the State and administered through the Authority, to establish the regional information exchanges and the State-wide health information network.

With much of the Affordable Care Act and Medicaid expansion occurring in 2014, this is a time of great change throughout the State and the country, in both the healthcare and financial sectors. The Authority is monitoring all the new developments and will be evaluating its policies and procedures based on industry trends, legislation and regulations, including payment paradigms such as Accountable Care Organizations and bundled payment systems. The Authority looks forward to continuing to offer our money-saving services to New Jersey's health care community for the next 40 years and beyond. §

Members & Designees

Ex-Officio Members & Designees

Department of Health

Mary E. O'Dowd, M.P.H., Chair

Serves in her position as Commissioner of the Department of Health

Brian O'Neill

Serves as the designee for Commissioner O'Dowd

Department of Human Services

Jennifer Velez, Esq.

Serves in her position as Commissioner of the Department of Human Services

Greg Lovell

Serves as the designee for Commissioner Velez

Department of Banking and Insurance

Ken Kobylowski, Esq.

Serves in his position as Commissioner of the Department of Banking and Insurance

Mary Ann Kralik

Serves as the designee for Commissioner Kobylowski

The Authority is governed by a seven-member board, three of whom are ex-officio and four public members who are appointed by the Governor with the consent of the Senate and serve staggered four-year terms. The Authority currently has one Public Member vacancy.

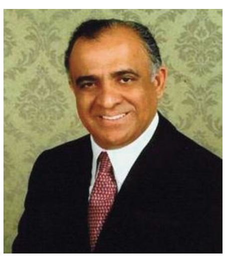
Public Members

Elisa A. Charters, CCIM, Vice Chair (term of office expires April 30, 2014)

Ms. Charters, a Certified Commercial Investment Member (CCIM), is principal of Toussa International LLC, a wholesale distribution and sourcing company of children's apparel imported from South America. She previously served as Manager of World Trade Center Site Acquisitions & Operations for the redevelopment effort of the Port Authority of New York & New Jersey (PANYNJ) post 9/11. Ms. Charters served as Treasurer of the Statewide Latino Leadership Alliance of New Jersey (LLANJ) from 2005-2008 and was the Chairperson of the LLANJ Fundraising Committee in 2008. In 2005, she was appointed to the Essex County Planning Board and in 2008, she was appointed by former Governor Corzine to the Minority and Women Business Development Advisory Council.

Suzette T. Rodriguez, Esq., Secretary (term of office expired April 30, 2013*)

Suzette T. Rodriguez, Esq. is in-house Associate Counsel for Jackson Hewitt Tax Service Inc. She had previously worked in the Labor and Employment Departments of LeClairRyan in Newark, NJ and Wong Fleming in Princeton, NJ. Ms. Rodriguez is a past president of the Hispanic Bar Association of New Jersey and the past deputy regional president (Region III) of the Hispanic National Bar Association. She also serves as an Advisory Board Member for the New Jersey Law and Educational Empowerment Project (NJLEEP).



Munr Kazmir, M.D., Treasurer (term of office expires April 30, 2015)

Dr. Munr Kazmir is the founder and CEO of Quality Home Care Providers, Direct Meds Pharmacies, Inc., and Easy Carry Inc. Over the past three decades, he has been recognized domestically and internationally for his humanitarian efforts. Dr. Kazmir has served on the Medicare Coverage Advisory Committee and The National Advisory Council for the Agency for Healthcare Research and Quality.

* Members continue to serve untl they are reappointed or replaced.

Authority Milestones

40 years of serving the New Jersey health care industry

1972

Governor William T. Cahill signs legislation creating the New Jersey Health Care Facilities Financing Authority.

1973

The first issue of NJHCFFA bonds sells, totaling $12,950,000 on behalf of the Community Hospital Group, Inc.

1979

The Authority establishes the nation's second tax-exempt health care equipment financing program, providing a lower cost alternative to taxable equipment financing.

NJHCFFA issues one of the first U.S. Department of Health Education and Welfare (HEW)-backed tax-exempt issues for a hospital.

1981

The Authority crosses the $1 billion mark for total bonds issued in its history.

1982

NJHCFFA completes its first FHA-insured mortgage financing on behalf of Elmer Community Hospital.

1985

In response to expected tax law reforms, NJHCFFA creates the Capital Asset Loan Program, which provides a pool of funds available to loan on a revolving basis, and is still used to this day.

1986

The Authority creates the APOLLO System to assess hospitals' financial and operating performance.

1991

The Authority crosses the $5 billion mark for total bonds issued in its history.

1994

NJHCFFA brings project management oversight duties in-house, eliminating the outsourcing expense and reducing fees for the borrower by 90%.

1996

The Authority eases borrower burden by lowering fees for trustee services and lowering the Capital Asset Loan program fees and interest rate.

Care Institute, Inc. of Cherry Hill receives financing as the first assisted living facility served by the Authority.

NJHCFFA issues its first taxable bonds, allowing St. Joseph's Hospital & Medical Center to purchase a residential building to house personnel.

1998

Statutory powers are expanded to include financing capabilities for all health care organizations, regardless of tax status, including continuing care retirement communities, management service organizations, blood banks, hospices and day care facilities.

Variable Rate Composite Program launches to facilitate smaller borrowings, allowing bonds to be marketed for several borrowers at once, thereby reducing costs of issuance.

For the first time in its history, the Authority issues over $1 billion in financings ($1,390,732,857) in one year, a feat that will not be reached again for 10 years.

1999

NJHCFFA completes its first financing of a for-profit entity, on behalf of The Avalon at Bridgewater Assisted Living.

Authority Milestones

continued

2000

The Authority crosses the $10 billion mark for total bonds issued in its history.

2003

The Authority hosts its first CFO Advisory Panel session, welcoming seven CFOs representing a cross-section of hospital demographics, to discuss issues affecting hospital finances.

2004

Hospital executives and financial professionals join together for *Financing Authority Summit: Partnering New Jersey's Healthcare Leaders*, a full-day educational seminar hosted by the Authority.

2008

The Authority crosses the $15 billion mark for total bonds issued in its history.

2009

The Authority closes on its largest financing project, $564,645,000 on behalf of Virtua Health, with the proceeds being used to construct and equip a new 368-bed hospital in Voorhees.

2010

Under the American Recovery and Reinvestment Act, the Authority is awarded an $11.4 million grant, on behalf of the State, to support the construction of a Health Information Technology infrastructure throughout the State.

2012

Barnabas Health becomes the first borrower to close on a Master Leasing Program transaction, with a $70 million cap to provide tax-exempt equipment leases.

The Authority's total issuance of bonds over 40 years reaches $18.7 billion.

2012 Financings

AtlantiCare Health System

AtlantiCare Health System is the sole member of AtlantiCare Regional Medical Center which operates two hospitals – one located in Atlantic City and the other in Pomona. The medical center has 567 licensed beds, employs approximately 4,700 people, and offers health care services to the residents of Atlantic, Cape May, Cumberland and southern Ocean Counties in southeastern New Jersey. The Atlantic City campus provides the region's only Level II Trauma Center; a regional psychiatric crisis center; a comprehensive center for surgical weight loss; and a complete array of inpatient and ambulatory healthcare services, including obstetrics and gynecology. The Mainland Campus offers specialized services in cardiac care, including cardiac bypass and cardiac catheterization; orthopedics, neonatal intensive care, as well as a new birthing center and a state of the art emergency department.

2012A Bonds

In 2012, AtlantiCare participated in two private placement financings, one in January and the second in April. The proceeds of the Series 2012A Bonds were used to refund the Authority's Variable Rate Composite Program Series 2005 A-1 Revenue Bonds; to refund the Authority's Variable Rate Composite Program Series 2006 A-1 Revenue Bonds; and to pay the related costs of issuance.

2012B Bonds

The proceeds of the Series 2012B Bonds, together with other funds, were used to provide funds to 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. AtlantiCare did not realize any notable present value savings, as the purpose of the refunding was to adjust the structures of the financings. §

Series 2012A Bonds

Total Financing: $39,325,000

Final Maturity: 2031
Initial Interest Rate: 2.11%
Mode: Multi-modal
Index Based On: LIBOR
Savings Compared to
Taxable Finance*: $7.7 million

Series 2012B Bonds

Total Financing: $41,810,000

Final Maturity: July 1, 2025
All-in True Interest Cost: 2.46%
Initial Interest Rate: 2.35%
Mode: Multi-modal
Index Based On: Bank's Cost of Funds
Savings Compared to
Taxable Finance*: $8.3 million

** All Savings Compared to Taxable Finance figures in this publication are estimated savings over the life of the transaction.*

Barnabas Health

<u>Master Lease Agreement</u>

Cap on Financing: $70,000,000

Interest Rate: Variable; negotiated with lessors
Funds borrowed in 2012: $24.9 million
Savings Compared to Taxable Leasing: $1.5 million

<u>Series 2012A Bonds</u>

Total Financing: $106,685,000

Final Maturity: 2026
All-in True Interest Cost: 3.13%
Mode: Fixed Rate
Present Value Savings from Refunding:
$24.24 million, or 12.4% of the refunded bonds
Savings Compared to Taxable Finance: $20.3 million

Barnabas Health is a not-for-profit organization that operates acute care hospitals, a behavioral health center, ambulatory care and surgery centers, breast centers, geriatric centers, two children's hospitals and comprehensive home care and hospice programs. Its major facilities include six acute care hospitals consisting of: Clara Maass in Belleville, Community in Toms River, Kimball in Lakewood, Monmouth in Long Branch, Newark Beth Israel in Newark, and Saint Barnabas in Livingston. Excluding nursing bassinets, the system has 3,142 licensed beds, generates revenues of over $2.4 billion annually and has approximately 18,000 employees.

<u>Master Leasing Program</u>

In March of 2012, the Authority entered into its first Master Lease Agreement, marking a new program to support a unique need of hospital systems providing tax-exempt equipment leasing. The program was initiated across all tax-exempt affiliates within the Barnabas Health system.

The funds from the Master Lease Agreements, together with other funds, will be used to: finance the costs of leasing health care equipment, including equipment for radiology, cardiology, pediatric, obstetrics, nuclear medicine, oncology and general medicine purposes and for computer related purposes; and finance legal, accounting, consulting and other administrative costs related to the tax-exempt leasing program.

<u>Series 2012A Bonds</u>

In November of 2012, the Authority issued tax-exempt bonds on behalf of Barnabas Health. The proceeds of the Series 2012A Bonds were used to: finance the costs of refunding or purchasing bonds issued through the NJHCFFA (Saint Barnabas Medical Center/West Hudson, Series 1998A Bonds and Saint Barnabas Health System, 1998B Bonds); all of the Clara Maass Health System, Series 1996 bonds issued through the NJ Economic Development Authority; and paying costs of issuance. §

Englewood Hospital and Medical Center

<u>Capital Asset Program Loan</u>

Total Financing: $4.5 million

Loan Term: 7 years
Interest Rate: Variable;
2012 average of 1.57%

Englewood Hospital & Medical Center is a 520-licensed bed acute care facility located in Englewood with over 2,500 employees. 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.

Funds from the loan were used 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 House of the Good Shepherd

<u>Series 2012 Bonds</u>

Total Financing:
$14,645,000

Final Maturity: July 1, 2031
All-in True Interest Cost: 3.04%
Initial Interest Rate: 2.54%
Mode: Multi-modal
Index Based On: Direct Purchase Rate/LIBOR
Present Value Savings from Refunding: $4,087,504, or 25.63% of the refunded bonds
Savings Compared to Taxable Finance: $3.2 million

The House of the Good Shepherd, Inc. is a not-for-profit 501(c)(3) continuing care retirement community located in Hackettstown in Warren County. Founded in 1882, the House employs 130 people and provides housing, health care and other related services to elderly residents through the operation of a nursing facility, assisted living, comprehensive personal care and independent senior living units. In addition, The House of the Good Shepherd Foundation, Inc. supports the House in its ability to provide and expand its charitable activities.

The proceeds of the privately placed Series 2012 Bonds, together with other funds, were used to refund and redeem all of the Authority's outstanding Health Care Facilities Revenue Bonds Series 2001, and to pay the related costs of issuance. §

Kennedy Health System

Series 2012 Bonds

Total Financing:
$66,035,000

Final Maturity: July 1, 2042
All-in True Interest Cost: 4.12%
Mode: Fixed Rate
Present Value Savings from Refunding:
$8.8 million, or 15% of the refunded bonds
Savings Compared to Taxable Finance: $17.1 million

Kennedy Health System is a not-for-profit organization with over 4,000 employees that operates a 607-bed, multi-campus hospital system with facilities in Stratford, Cherry Hill and Turnersville. Kennedy is a core teaching affiliate of the Rowan University-School of Osteopathic Medicine (RowanSOM), formerly UMDNJ-SOM

The proceeds of this transaction were used to refund the Authority's Kennedy Health System Obligated Group Issue, Series 1997A and Series 2001 bonds and pay the related costs of issuance. Proceeds were also used to finance capital expenditures at the three Kennedy Health hospitals including expansion to the oncology facilities at the Washington Township Division; additions to the Emergency Department at the Cherry Hill Division; relocation and additional medical surgical beds at the Cherry Hill Division; expansion of the surgical facilities at the Washington Township Division and miscellaneous medical equipment at all divisions. §

Meridian Health

Series 2012A, 2012B & 2012C Bonds

Total Financing: $137,000,000

Final Maturity: July 1, 2038
All-in True Interest Cost: 2.04%
Initial Interest Rate: 2.04%
Mode: Multi-modal
Reset Schedule: Monthly
Index Based On: Direct Purchase Rate/LIBOR
Savings Compared to Taxable Finance: $26 million

Meridian Health is the parent organization and sole member of several subsidiaries including Meridian Hospitals Corporation and Meridian Nursing and Rehabilitation, Inc. Excluding nursing bassinets, Meridian Health has 1,708 licensed beds and employs approximately 12,000 people. Meridian Hospitals include: Jersey Shore University Medical Center, Ocean Medical Center, Riverview Medical Center, Southern Ocean Medical Center and Bayshore Community Hospital. Meridian Nursing and Rehabilitation has four divisions in Brick, Ocean Grove, Shrewsbury and Wall.

The financing was issued through three series of privately placed bonds. Proceeds from the Series 2012A Bonds were used to refund all of Meridian's Series 2003B Variable Rate Revenue Bonds; proceeds from the Series 2012B Bonds were used to refund its Series 2007 Tranche III Bonds; and proceeds from the Series 2012C Bonds were used to refund its Series 2007 Tranche IV Revenue Bonds. Meridian did not realize any notable present value savings, as the purpose of the refunding was to adjust the structures of the financings. §

St. Luke's Warren Hospital

Series 2012 Bonds

Total Financing: $42,150,000

Final Maturity: July 1, 2049
All-in True Interest Cost: 6.68%
Mode: Fixed Rate

St. Luke's Warren Hospital in Phillipsburg, formerly known as Warren Hospital, was acquired by St. Luke's Hospital of Bethlehem, Pennsylvania in January of 2012. St. Luke's Warren Hospital is a not-for-profit 214-bed general acute care hospital located in Phillipsburg, New Jersey. Located in the most western part of New Jersey, the hospital provides primary healthcare services to the residents in the western and southern half of Warren County, and parts of northwestern Hunterdon. Its secondary service area encompasses parts of eastern Pennsylvania and central Warren County. St. Luke's Warren is part of an integrated healthcare delivery system, the head of which is St. Luke's University Health Network (SLHN). SLHN is a 501(c)(3) Pennsylvania nonprofit corporation that operates acute care hospitals in Lehigh County, Northhampton County, Bucks County and Schuylkill County, Pennsylvania. Excluding nursing bassinets, the system has 924 licensed beds, generates revenues of over $1 billion million annually and has approximately 8,500 employees.

Proceeds of the bonds were used to finance a portion of the costs of completing the acquisition of all of the ownership interests of Warren Hospital by St. Luke's Hospital. The Series 2012 bonds were issued and delivered to Allstate Insurance Company via a direct placement in exchange for all of the Authority's outstanding Warren Hospital Series 2008A and Series 2008B (taxable) bonds. All of the Series 2008A and Series 2008B bonds were cancelled and extinguished upon the issuance and delivery of the Series 2012 bonds. Both the funding of the debt service reserve fund for the Series 2012 bonds and the payment of all related costs of issuance were accomplished using monies available from an equity contribution made by St. Luke's Warren Hospital in connection with the transaction. The borrower did not realize notable present value savings, as the purpose of the transaction was to aid in acquisition costs. These bonds have since been refunded in 2013. §

Wiley Mission

Series 2012 Bonds

Total Financing:
$13,367,221

Final Maturity: July 1, 2029
Initial Interest Rate: 2.59%
Mode: Floating Rate
Reset Schedule: First Interest Payment Date for Each Series
Index Based On: LIBOR
Present Value Savings: $1.5 million, or 10% of the refunded bonds
Savings Compared to Taxable Finance: $2.8 million

Wiley Mission is a not-for-profit 501(c)(3) corporation that operates a continuing care retirement community located in Marlton, New Jersey and an adult daycare service located in Pennsauken, New Jersey. The continuing care retirement community provides housing, healthcare and other related services to elderly residents through the operation of a 67-bed nursing facility, a 48-bed residential health care facility and 137 independent living apartments and cottages. The adult daycare service provides medical and behavioral management services and is currently licensed for 160 clients.

The proceeds of the transaction were used to refund the Series 2002 bonds issued by the Authority on behalf of Wiley; to currently refund the New Jersey Economic Development Authority, Economic Development Bonds (Wiley Mission Project) issue; and to pay the related costs of issuance. §

2012 Stats

Total Amount of Financings:
$488,800,148

Savings from Refunded Bonds:
over $38,000,000

Estimated Savings Compared to Taxable Financings:
$86,900,000

Number of Health Care Organizations Receiving Financings: 8

Breakdown of Financings:
Bonds: $459,392,346

CAP Loans: $4,500,000

Master Leasing Program: $24,907,802

Uses for Bond Issues:
Project Funds: $19,986,057

Financing Fees: $3,704,085

Debt Service Reserve
& Other Reserves: $3,485,062

Refunding/Escrows: $480,789,236

Staff

Office of the Executive Director

Mark E. Hopkins, Executive Director
Carole Conover, Executive Assistant/Office Manager & Custodian of the Record
Robin Piotrowski, PHR, CPS, Human Resources Manager & Ethics Liaison Officer
Linda Hughes, Communications Specialist
Lorraine Donahue, Office Management Assistant

Division of Project Management

Suzanne K. Walton, Director of Project Management
William McLaughlin, Sr. Project & Special Financing Programs Manager
Carl MacDonald, Project Manager
Tracey D. Cameron, Administrative Assistant

Division of Operations and Finance

Ronald S. Marmelstein, Director of Operations and Finance
Michael B. Ittleson, Controller and Assistant Information Technology Specialist
Bernard J. Miller, Jr., Construction Compliance Officer
Marjorie P. McAvoy, Senior Account Administrator
Jessica Lucas, Account Administrator
Edwin Fuentes, Account Administrator
Ellen Lieber, Accountant
Diane Johnson, Senior Assistant Account Administrator
Neetu Thukral, Assistant Account Administrator
Taryn Brzdek, Administrative Assistant

Division of Research, Investor Relations and Compliance

Stephen M. Fillebrown, Deputy Executive Director and Director of Research, Investor Relations and Compliance
Arvella King, CPA, Assistant Director of Research, Investor Relations and Compliance
Miriam Bolger, Health Information Technology Project and Grant Manager
Emmerson E. Sullens, Network Administrator
Taryn Jauss, Compliance Manager
Paige Piotrowski, Database Administrator

Types of Financings

The Authority issues most of its financings on a tax-exempt basis, enabling New Jersey's health care organizations to save a significant amount of money resulting from interest savings. Financings are available through six different programs, pursuant to which the Authority may lend funds to New Jersey's health care organizations:

Stand-Alone Bond Financings

The Authority's most frequently used financing options include publicly offered bond issues and private placement of bonds or notes. Bond issues can be structured with fixed or variable interest rates and with or without credit enhancement or ratings. This financing mechanism not only benefits from lower interest rates resulting from the interest on the bonds being tax-exempt, but may have a maturity of up to 30 years.

Capital Asset Program ("CAP")

The Capital Asset Program ("CAP") is designed to take advantage of bonds issued prior to the restrictive changes made in the tax laws in 1986. Loans under the program are continuously tax-exempt. Also, as loans are repaid, bonds are not retired, so fresh funds are available for other health care organizations in need of capital. The loans are at a variable rate and are typically for shorter term financings of approximately seven years.

FQHC Loan Program

The Federally Qualified Healthcare Center ("FQHC") Loan Program helps start-up FQHCs cover the costs needed to get up and running at a lower rate than available by conventional bank borrowing.

Equipment Revenue Note Program

The Equipment Revenue Note Program ("ERN") is designed to offer both an easy and efficient method of financing and refinancing equipment.

Master Leasing Program

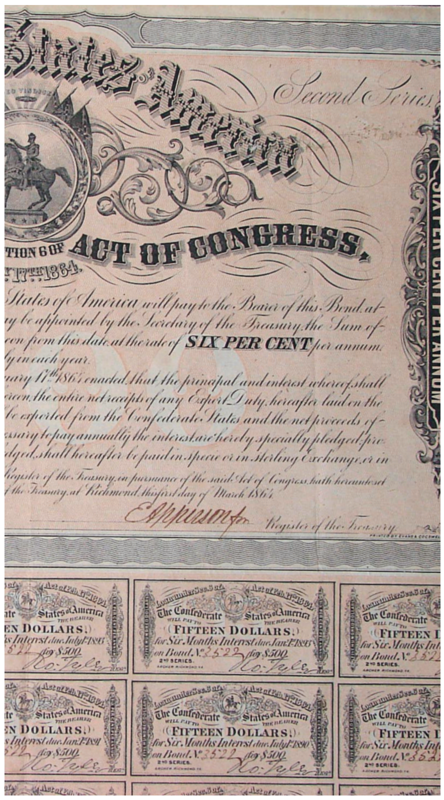
The Master Leasing Program is designed to meet a unique need of New Jersey's health care systems, although stand-alone facilities may also participate. In the case of a System, the various members of the System can access tax-exempt equipment leases through a pre-arranged master lease financing. The Authority approves the System for a total dollar amount, and the System's members enter into leases over a 10-year period, aggregated up to that dollar amount. The System must enter into a master lease agreement with each separate lessor/equipment vendor.

COMP Program

The Variable Rate Composite Program ("COMP") is designed to lower the costs of issuance for smaller borrowings. Under the program, bonds can be marketed for several borrowers at once, yet each borrower is only responsible for its own series of bonds. The standardization of documents and simultaneous marketing of the bonds reduces the costs of issuance for access to capital markets.

Financings Through the Years

1973 ~ $12,950,000
1974 ~ $141,970,000
1975 ~ $5,400,000
1976 ~ $32,375,000
1977 ~ $95,893,000
1978 ~ $109,410,000
1979 ~ $182,117,200
1980 ~ $137,762,500
1981 ~ $329,223,913
1982 ~ $580,381,998
1983 ~ $382,288,200
1984 ~ $200,164,027
1985 ~ $933,336,287
1986 ~ $79,985,000
1987 ~ $414,336,984
1988 ~ $324,685,000
1989 ~ $279,034,283
1990 ~ $612,185,000
1991 ~ $531,859,333
1992 ~ $329,703,375
1993 ~ $497,295,000
1994 ~ $789,204,390
1995 ~ $56,305,200
1996 ~ $162,385,000
1997 ~ $475,395,000
1998 ~ $1,390,732,857
1999 ~ $536,745,442
2000 ~ $412,263,588
2001 ~ $474,775,000



2002 ~ $529,082,005
2003 ~ $684,800,000
2004 ~ $506,700,000
2005 ~ $414,650,000
2006 ~ $813,674,654
2007 ~ $849,066,000
2008 ~ $1,272,380,000
2009 ~ $830,840,000
2010 ~ $906,972,666
2011 ~ $987,865,000
2012 ~ $488,800,148

Total ~ $18,794,993,050

New Jersey Health Care Facilities Financing Authority

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