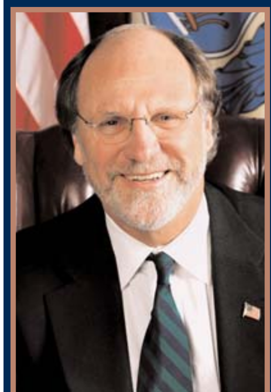
NJHCFFA NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY

AUTHORITY NOTE$

Spring ‘08

FROM GOVERNOR JON S. CORZINE



As I said in my State of the State address this year, when the first $1,000 in taxes our citizens pay goes toward debt and principal instead of teachers and doctors, something is very wrong.

New Jersey’s State Government has allowed debt and long-term obligations to crowd out its capacity to adequately prioritize certain important needs for our citizens’ future. That's why I proposed a long-term financial restructuring plan to put us back on right track, fully serving the people.

But more immediately, we face a nearly $3 billion budget hole for the coming fiscal year, which means we have to make very tough choices.

Regrettably, in health care, this immediate fiscal reality means that State compensation to facilities for treating the uninsured cannot be bolstered and, in fact, must be cut for the coming year. We will be diverting the funds we have available to safety-net hospitals that treat the highest proportion of uninsured patients because they are on the frontlines of ensuring that those with fewer resources receive sufficient care. But my administration is well aware that for many other hospitals, cuts in State aid come at a time when they face an already difficult financial situation.

For too many years, a lack of adequate health care planning has led to an inefficient market where too many beds remain unfilled for some hospitals to remain afloat, while others have been forced to cut back on the

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DERIVATIVE POLICY BREAKS NEW GROUND

Over the last few years, the use of derivatives has become more commonplace as borrowers seek to hedge against fluctuating interest rates. Noting several ways in which a derivative can add risk to a conduit issuer or bondholder, the Authority questioned whether there should be a policy specific to these products in the form of a covenant added to Authority loan agreements. With the encouragement of both the New Jersey Hospital Association and the Authority Membership, staff created a working group to develop a derivative policy. At the Authority's January 2008 meeting, the resulting new policy was enacted.

While derivative contracts can provide the borrower with an effective lower interest cost than could be achieved through a direct issuance of debt, those same products come with several risks that may have a longer term impact on the overall cost of borrowing. This is of special concern to the Authority because a negative market movement could require a borrower to deposit additional security or collateral that might be the same security that bondholders believed they had.

The working group created by staff included: Authority staff, two chief financial officers of New Jersey hospitals, two representatives of investment banking firms, a swap advisor, a representative of the Hospital Association, and an attorney experi-

(continued on page 6)

NJHCFFA RESPONDS TO AUCTION RATE CRISIS

In January of 2008, Authority staff was alerted that the auction rate market was struggling and borrowers nation-wide were beginning to experience "failed auctions." When an auction fails, interest rates are set at levels defined in the bond documents, and in many cases that means jumping to maximum levels of up to 12%, 15%, or even 18%. Having seven borrowers with whom the Authority had outstanding auction rate debt, the Authority quickly searched for methods to ease the burden on these borrowers by simplifying methods to exit the auction rate market.

On February 28, 2008, the Authority approved a resolution which allows an authorized officer of the Authority to approve the actions needed to convert auction rate securities to another structure permitted in the issuance documents. "The conversion can now be completed without waiting for the Authority Members to take a formal action at a monthly meeting," says Dennis Hancock, Deputy Executive Director and Director of Project Management, "which allows the borrowers to complete the conversions more quickly."

Meridian Health System used a conversion to restructure their auction rate debt.

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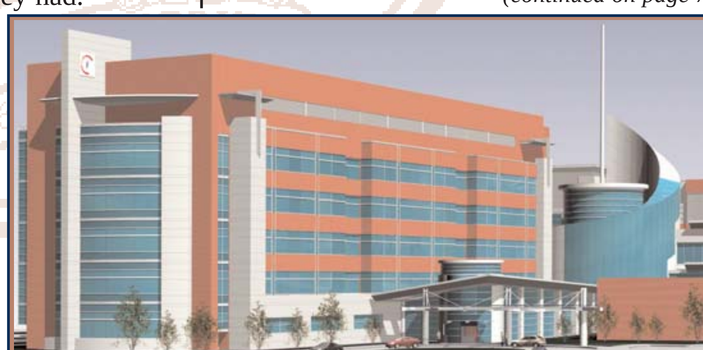

Rendering of the Meridian expansion financed by auction rate market bonds issued in December 2007 and converted in 2008

MESSAGE FROM THE EXECUTIVE DIRECTOR

In our last edition of *Authority Note$*, I discussed the exhilaration of our numerous record-breaking financings counterbalanced by the disappointment of dealing with several hospital bankruptcies, closings and other financial struggles. As those events continue to keep staff well-occupied, the Authority has also found itself working on other pressing and time-consuming matters, one of which was very unexpected: the crumbling of the auction rate bond market.

Shortly after the turn of the year, we observed nation-wide troubles in the auction rate bond market. In February, these failed auctions affected our own borrowers. Staff worked quickly to propose a temporary policy to enable a more timely conversion from auction rate bonds to other interest rate structures, which was promptly approved by our Members. Staff also worked with affected borrowers to develop exit strategies for the auction rate market. This newsletter further details these efforts, but I will add that I am proud of our team of professionals for, once again, stepping up and working long hours on creative approaches to address the needs of our borrowers in trouble.

Also at this time, the Authority finalized two policy changes: one regarding derivative products and one monitoring self-insurance and captive programs. Both of these matters were discussed at the Authority's 2007 retreat. However, while many of the issues discussed there could be resolved shortly thereafter, these matters were more involved and required assembling industry working groups to ensure that any new policy would address the delicate balance between benefiting the borrowers and protecting our bondholders as much as possible.

You will find more detail on these new and improved policies in this edition of *Authority Note$*. Again, I'd like to applaud staff for their hard work in creating landmark policies in a manner that protects the interest of both our bondholders and borrowers. Actions such as these affirm the Authority's place as a leader among conduits confronting difficult matters and developing solutions.

At the same time, we continue to look forward to a record-breaking 2008 in terms of bonds issued. §

SELF-INSURANCE / CAPTIVE POLICY MADE MORE BORROWER-FRIENDLY

In 2003, the Authority began seeing an influx of requests for self-insurance and/or captive entities as Princeton Insurance Company struggled and medical malpractice premiums began to skyrocket. In response, the Authority established a self-insurance/captive entity policy to add a layer of protection to the bondholders whose security could be at risk if a poorly-designed self-insurance plan was tested and failed.

The 2003 policy was the first of its kind for a health care authority, and though well-intended, the insurance covenant included some severe hurdles for borrowers seeking to self-insure. Specifically, the policy required all self-insurance and captive programs to obtain an annual investment grade rating by an insurance rating agency such as A.M. Best.

This was often difficult for borrowers for reasons beyond their control. For example, A.M. Best will not provide a rating for self-insurance trusts, thereby completely eliminating that option from borrowers. Also, some captives cannot achieve a rating high enough to satisfy the covenant's requirements due to the financial profile of the hospital, no matter how much money is put in the captive, while other captives could only achieve the required rating by making additional contributions to the captive that could be considered detrimental to the hospital.

In trying to satisfy the Insurance Covenant, borrowers often had to go against the advice of their insurance consultants, actuaries and auditors, and far exceed the funding required by the regulators in the various states and countries of domicile.

At the Authority's June 2007 retreat, Members heard testimony from the bor-

(continued on page 7)

CHANGING OF THE GUARD: New DHSS Commissioner Becomes NJHCFFA Chair

Heather Howard, J.D.

Shortly after Fred M. Jacobs announced his resignation as New Jersey's Commissioner of Health and Senior Services in November of 2007, Heather Howard was nominated to fill the position. Governor Jon S. Corzine nominated Ms. Howard to serve as the 14th Commissioner of the New Jersey Department of Health and Senior Services on November 29, 2007, and she was confirmed by the Senate on January 7, 2008.

At the time of her nomination, Ms. Howard was Governor Corzine's Policy Counsel, after having served as his Chief of Staff when he was U.S. Senator. Prior to that, she was Corzine's Deputy Chief of Staff for Policy and Planning and Legislative Counsel.

Before joining forces with Corzine, Ms. Howard served on President Clinton's Domestic Policy Council developing and coordinating the Administration's initiatives in children and family policy, and as a Senior Policy Advisor to First Lady Hillary Rodham Clinton. She also worked as a trial attorney in the Antitrust Division Health Care Task Force in the Department of Justice's Honors Program, and clerked for Judge Martha Craig Daughtrey of the U.S. Court of Appeals for the Sixth Circuit. In addition, she served as Legislative Assistant to Congresswoman Nita M. Lowey (D-NY).

A cum laude graduate of Duke University and the New York University

(continued on page 8)

Rendering of a patient area renovation at Saint Peter's University Hospital, financed by Authority bonds

FINANCING NOTE$

On December 18, 2007, the Authority closed a $65,175,000 transaction on behalf of **Saint Peter's University Hospital** ("St. Peter's").

The proceeds of the bonds, together with other funds, were used to: renovate existing public and patient care areas, reimburse St. Peter's for various equipment and furnishings, and currently refund a portion of the Authority's Series F Bonds issued in 1993. The bonds are secured by a Note issued under a Master Trust Indenture, secured by a pledge of gross receipts and mortgages on certain properties.

Originally, St. Peter's requested the Authority's approval for an issue not to exceed $145 million, however, as the pricing approached, the market for tax-exempt bonds and the interest rates available for escrow securities were diverging. Because the benefits of refunding most of their outstanding debt could no longer be achieved, St. Peter's decided to include only a small portion of the refunding, bringing the total transaction to just over $65 million.

The bonds were rated "Baa2" by Moody's and "BBB-" by S&P. Rating levels such as these limit interest from retail investors, therefore, the sale was driven by mutual funds willing to accept riskier credits at higher yields. In this environment, the lower bond size made the transaction more attractive and easier to complete.

The senior manager, Goldman Sachs & Co., arranged for an investor call giving St. Peter's the opportunity to present its story directly to research analysts from mutual fund buyers and allowed those buyers to ask lingering questions. The senior manager heard that the borrower did not pass the credit standards of a few of the potential purchasers. This further limited the universe of investors.

After analyzing the market data and talking to those investors that continued to show interest, Goldman Sachs proposed a scale for an order period. Sufficient orders were received at the suggested levels and the management team purchased the bonds at yields ranging from 4.7% for the 2013 maturity to 5.8% for the 2037 maturity. The true interest cost to the borrower was 5.84%.

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On January 17, 2008, the Authority closed a $3,500,000 bond issuance on behalf of **Christian Health Care Center** ("CHCC"), located in Wyckoff. The bonds were issued through the Authority's Equipment Revenue Note Program.

The purpose of the Equipment Revenue Note Program is to reduce issuance time on smaller equipment financing and refinancing projects. Once again, it was a success! CHCC submitted the Memorandum of Understanding to apply for the bond issue on November 13, 2007. Therefore, it took only two months from start to finish for CHCC to receive the proceeds from the transaction.

Privately placed with Bank of America Public Capital Corp, the bonds were secured by a first lien on the financed equipment. Two notes were issued due to different amortization schedules: Note A has a 5-year term (with a balloon payment in the 60th month) and a 10-year amortization, and Note B has a 5-year term and a 5-year amortization. Both share a low interest rate of 3.6% and a final maturity date of January 17, 2012.

CHCC provides a continuum of elder care and mental health services including skilled nursing care, residential care, assisted living, inpatient and outpatient mental health care and medical and social day care. The proceeds of Note A were used to finance the purchase and installation of laundry equipment and improvements to laundry facilities, furniture, kitchen appliances, and energy generation and management equipment; the proceeds of Note B financed computer equipment and software.

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On March 28, 2008, the Authority closed a $45,840,000 bond issuance on behalf of **Warren Hospital**. Proceeds of the bonds were used to: refund the Authority's Radian-insured Series 1995 bonds, refund the Authority's Series 2002 private placement with Commerce Bank, refinance a term loan with Commerce Bank, and reimburse the hospital for capital expenditures. *(continued on page 5)*

Heritage Commons Manor - a Christian Health Care Center facility

NJHCFFA STAFF NOTES

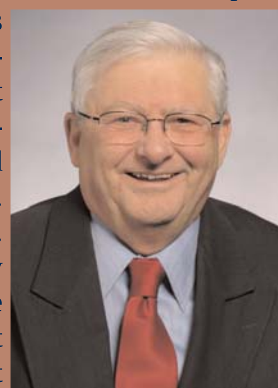
Congratulations to two employees who celebrate milestones with the Authority this spring!

Susan Tonry receiving her milestone recognition from Executive Director Mark Hopkins

Susan Tonry, who rang in 5 years with the Authority in April, is the Authority's first Assistant Director of Research, Investor Relations and Compliance. In this role, she monitors the compliance of borrowers with covenants and other provisions of the bond documents. She also tracks the financial condition of borrowers after the issuance of bonds and often helps borrowers in poor fiscal health get the assistance they need to return to sound financial footing. Recently, she took the lead in developing Authority policies for the borrowers' use of self-insurance or captive entities.

The Authority is proud of Ms. Tonry's contributions, and bondholders and borrowers can feel more assured knowing that she is staying on top of things long after bonds are issued.

Robert A. Day celebrated 15 years of employment with the Authority in March 2008. In his role as Account Administrator, Mr. Day is responsible for maintaining Authority bond issue accounts, including the investment of certain funds. This also entails participating in the audit of trustee banks and in pre-closings and closings to verify calculations and ensure that bond documents use accurate dollar amounts. Account Administrators also oversee the competitive bid process used for purchasing open market investment portfolio and bond trusteeships. Last fall, Mr. Day successfully coordinated the Authority's first use of an internet auction for such a bid.



Robert A. Day

Having completed these fifteen years, Mr. Day has announced his plans to retire. His final date at the Authority will be June 30, 2008, and in post-employment, he plans to do some volunteer work, teach some classes in the "Learning Is For Everyone" (LIFE) program, travel and just enjoy living. Staff and the Members are thankful for the work he has contributed and wish him best of luck in the future.

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On April 24th, the Authority had eight new employees for national Bring Your Child to Work Day. Developed by Human Resources Manager **Robin Piotrowski**, the Authority's program is a half-day event that allows staff to meet the family of fellow co-workers and allows the young family members to see where and how their loved ones spend their time.

Junior Employees (left to right): Paige Piotrowski, Erica Tantorieas, Colin Tonry, Kairav Thukral, Brigid Tonry, Akanksha Thukral, Jocelyn Donahue, Jonathan Donahue, and Sean Tonry

The 2008 program's participants included: **Erica Tantorieas** (Mae Grant's granddaughter), **Brigid, Sean and Colin Tonry** (Sue Tonry's children), **Jonathan and Jocelyn Donahue** (Lorraine Donahue's grandchildren); and **Akanksha and Kairav Thukral** (Nikki Thukral's children).

Executive Director Mr. Hopkins issued certificates to each of the young employees-for-a-day and recognized the hard work of **Paige Piotrowski** (Robin Piotrowski's daughter) who further developed and ran the 2008 program.

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The Authority would like to introduce **Taryn Jauss** who joined the Division of Operations and Finance as the Authority's newest Administrative Assistant in February 2008. Ms. Jauss has a Bachelor's Degree from Rider University and is studying for a Masters at Thomas Edison State College. Ms. Jauss, who previously worked as a client services coordinator at JK Group in Plainsboro, replaces **Jessica Waite** who was promoted to Assistant Account Administrator. Staff wishes a warm welcome to Ms. Jauss and congratulations to Ms. Waite. §

Jessica Waite (left) and Taryn Jauss (right)

Exterior of Warren Hospital located in Phillipsburg, New Jersey

FINANCING NOTE$

(continued from page 3)

The bonds were issued in two series: 2008A ($33,840,000) has a final maturity date of July 1, 2038; and 2008B ($12,000,000), a taxable series, has a final maturity date of July 1st, 2018.

Unrated and uninsured, the hospital relied on finding the right purchaser for the bonds.

Secured by a Note issued under a Master Trust Indenture, a pledge of gross receipts and a mortgage on certain properties, the bonds received an all-in interest cost of 7.44% (Series 2008A) and 10.82% (Series 2008B).

The bond issuance provided Warren Hospital with the capital needed to put additional cash on the hospital's books giving the hospital more flexibility to implement further turnaround strategies to strengthen the hospital's finances.

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In January, **Hackensack University Medical Center** ("HUMC") requested the issuance of bonds in an amount not to exceed $150 million for a new construction project consisting of a new cancer center and a 960-space parking garage. However, upon the collapse of the auction rate bond market, and with approximately $150 million of auction rate bonds outstanding, HUMC returned to the Authority in February with an amended request to include the refunding of HUMC's 2004 auction rate debt in the transaction. The Authority approved, and on April 8th, the Authority closed a $249,180,000 bond issuance on HUMC's behalf.

The bonds for the new construction project, as well as a portion of the refunding bonds are insured by Assured Guaranty. These bonds were rated "Aaa" by Moody's Investors Service and "AAA" from Fitch Ratings. The remaining refunding bonds were issued on HUMC's credit, which is "A-" by Fitch and "A3" by Moody's.

Authority staff, HUMC staff, Trustee representatives and HUMC's financial advisor (Shattuck Hammond Partners) agreed that the marketing should begin at attractive yield levels for investors in order to counteract the general market uneasiness. The recommended interest rate suggested that the uninsured shorter maturities, with the exception of the first maturity on January 2009, could be more difficult to sell while the insured term bonds could attract attention from a broad group of investors.

After a two hour order period, the expectations proved correct: there was little interest in the serial maturities and the term bonds were strongly supported. The managers responded accordingly and purchased the bonds with yields ranging from 3.25% for the uninsured 2009 maturity to 5.44% for the insured maturity in 2041. The all-in true interest cost for the transaction is 5.52%. Merrill Lynch and Bear, Stearns & Co. served as co-senior managers for the transaction.

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In April 2008, approximately $177,110,000 of unenhanced fixed rate bonds were sold on behalf of **Atlantic Health System** ("AHS") in order to refund auction rate bonds issued before the auction rate bond market's difficulties.

AHS had approximately $335 million worth of auction rate securities outstanding through Authority issuances in 2003, 2004, 2006 and 2007. After failed auctions in February, these bonds hit maximum interest rate levels. In order to restructure the debt as quickly as possi-

(continued on page 6)

Renderings of Hackensack University Medical Center's new cancer center, financed through an April 2008 bond issue

NEW DERIVATIVE POLICY

(continued from page 1)

enced as borrower, underwriter and bond counsel. The broad scope of specialties ensured that a wide range of interests and viewpoints were represented. Staff then used this array of input to draft "Derivative Policy Considerations," which identified proposed derivative contract requirements, reporting and disclosure requirements, and security provisions.

During a collaborative redrafting of these Considerations, the working group acknowledged that there would be disagreements related to the participants' varied constituencies, however, the final draft would be a compromise of the needs expressed by all parties.

The Authority's new derivative policy includes the following:

- *The covenant will only be applied to unenhanced bonds using a public sale.*
- *Derivatives may be used for hedging purposes if 1) the counterparty is rated "AA" or better, 2) the borrower provides certain information to the Trustee and Authority, and 3) there is no event of default, either existing or expected.*
- *Borrowers must meet specific financial criteria in order to enter derivatives for speculative purposes.*
- *Counterparties must meet certain financial criteria in order to receive security of equal benefit to that of the bondholders.*
- *A borrower must comply with established financial criteria in order to meet the collateral requirements of the derivative agreement.*
- *A borrower must provide ongoing information to the Authority such as "mark-to-market" values, copies of the borrower's derivative policy, and a list of outstanding derivative agreements.*

The Authority Members commended the working group for pulling together to create a starting point to address an issue that had long-been overlooked.

For a full set of Derivative Policy Considerations, please contact an Authority project manager. §

FINANCING NOTE$

(continued from page 5)

Rendering of AHS' Heart Hospital project, funded in 2007 by auction rate bonds that were refunded in 2008

ble, Bank of America and JPMorgan Chase provided interim financing to tender AHS' auction rate bonds. AHS then began a new financing through the Authority to refund the interim debt.

The unenhanced fixed rate bonds were sold based on AHS' rating of "A+/A1." Goldman, Sachs & Co. (the underwriter) used a retail order period to begin the formal marketing period. The initial structure included serial bonds ranging from 2009 through 2023 and a term bond in 2027. During the retail order period, only approximately $13 million of bonds were sold. The following day, the underwriting team held an institutional sale and suggested that certain maturities would be bifurcated, thereby maintaining the bonds sold during the retail order period.

After the order period, roughly $22 million of the serial bonds were unsold but the term bond was oversubscribed. The underwriter offered to underwrite with serials from 2009 to 2023 at yields ranging from 3% to 4.97% and a term bond in 2027 yielding of 5.03%. The overall true interest cost was 5.025%.

AHS' remaining interim debt will be refinanced through variable rate demand bonds using letters of credit from Bank of America and JPMorgan Chase.§

AUCTION RATE CONVERSION

In April 2008, **Meridian Health System** ("Meridian") successfully converted $145,125,000 worth of auction rate bonds into a fixed rate structure.

In December 2007, Meridian closed on five tranches of auction rate securities, insured by Assured Guaranty, totaling approximately $242 million and maturing on July 1, 2038. For the first 6 to 8 weeks the rates were typically in the 3.5% to 4% range, however, after the collapse of the auction rate market, Meridian's auctions failed and interest rates were set at the maximum level of 12%.

Meridian decided to convert three tranches of the auction rate bonds into insured fixed rate securities; the remaining two tranches will be sold as variable rate demand notes using insurance for credit support and a letter of credit for liquidity.

Because this was a conversion and not a primary issuance, the bonds had to be sold at par and to the existing maturity of July 1, 2038. The remarketing agent (UBS Securities, LLC) worked with Meridian and the Authority and received excellent support from the market.

The bonds were sold with a 5% coupon. The three tranches closed on April 21st, April 22nd, and April 23rd. The two remaining tranches were converted on May 1st and 2nd, with a shared initial weekly interest rates of 2.60 %.

Construction site of the Meridian expansion funded by auction rate market vbonds that were issued in 2007 and converted in 2008

AUTHORITY RESPONDS TO AUCTION RATES

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For some Authority borrowers, however, conversion is not the preferred option. Some borrowers preferred to exit the auction rate market by refunding auction rate bonds through a new issuance under a new interest structure. The Authority worked closely with borrowers interested in such, and even scheduled a special meeting to help borrowers achieve the refunding in the timeliest manner. Atlantic Health System, Hackensack University Medical Center, and Underwood Memorial Hospital all pursued this option of refunding their auction rate debt.

"The Authority Members realize the need for our borrowers affected by the auction rate crisis to react quickly," says Mark Hopkins, Executive Director, "we expect that the actions taken recently will accommodate those borrowers."

The three remaining Authority borrowers with outstanding auction rate debt are: Robert Wood Johnson at Hamilton, Saint Barnabas Health Care System, and CentraState Medical Center. Bondholders seeking more information on these borrowers should reference the Nationally Recognized Municipal Securities Information Repositories ("NRMSIRs") for secondary disclosure filings. The names and addresses of the four NRMSIRs are listed on the Authority's website www.njhcffa.com under the "Bondholder Information Resources" link. §

NJHCFFA'S SELF-INSURANCE / CAPTIVE POLICY UPDATED

(continued from page 2)

rowing community, as well as input from staff, on these hurdles. Members directed staff to form an ad hoc committee, including various industry professionals, to identify a set of guidelines for a new insurance covenant. The committee was formed and eight months later, staff presented a new and improved insurance policy for the Members' consideration.

The new policy stated that, first and foremost, complete disclosure of existing insurance programs must be made in the Official Statement. Thereafter, any change to the disclosed plan must be approved by the Authority with specific requirements to be met.

Instead of requiring an A.M. Best rating, however, this new covenant allows a borrower to find an acceptable level of compliance that meets the needs and rights of the bondholder as well as the business strategy of the borrower.

Some of the hospitals who struggled with the old policy helped to create this new covenant and, overall, like this policy because it allows them to rely on their team of contracted professionals (actuaries and insurance consultants).

The policy will be reviewed in a year or so to confirm that it meets the needs of the Authority, borrowers and bondholders.

For additional details on the new policy, contact Susan Tonry, Assistant Director of the Division of Research, Investor Relations & Compliance at STonry@NJHCFFA.com. §

The Authority's New Self-Insurance / Captive Covenant includes the following:

⇨ If a change is made from commercial insurance to a self-insurance or captive program at the primary insurance level, the Authority reserves the right to permit the change and require certain conditions be met at all times including: setting minimum funding requirements; requiring professional certifications be delivered to the Authority, trustee and the borrower on an annual basis; and, requiring an unqualified audit opinion on the self-insurance or captive program. Approval for hospital professional liability would be limited to employed physicians only.

⇨ Alternately, the borrower still has the option of providing a qualified insurance rating from an insurance rating agency such as A.M. Best.

⇨ If the borrower cannot maintain minimum funding standards or provide the annual certifications, or if it chooses to include non-employed physicians in its program, it must get the qualified insurance rating on its program or purchase commercial insurance for the primary level.

NJHCFFA 2008 BOND ISSUES [as of May 2nd, 2008]

Completed Bond Issues	Issue Structure	Par Amount
Christian Health Care Center	Equip. Rev. Note Program Private Placement	$3,500,000
Hackensack University Medical Center	Fixed rate; Public	$249,180,000
Warren Hospital	Fixed rate; Private Placement	$45,840,000
Atlantic Health System*	Fixed rate; Public	$177,110,000
	Bonds Issued as of May 2, 2008:	$295,020,000
Bond Conversions		
Meridian Health System	From Auction Rate to Variable Rate	$97,000,000
Meridian Health System	From Auction Rate to Fixed Rate	$145,125,000
	Conversions Completed as of May 2, 2008:	$242,125,000

**As of May 2, 2008, purchase contract has been entered into; closing is expected May 14, 2008.*

FROM THE GOVERNOR

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range of services they offer or to consider mergers. This is a complicated and dynamic market and we believe the State has a role to play in forging decisions that will advance public health.

The *Commission on Rationalizing New Jersey's Health Care Resources* has been extremely valuable in this regard. Rather than letting hospitals get pushed out of business the first time they face financial distress, we now have a way to determine which hospitals are needed most by our communities. This analysis, in turn, helps the State determine how to best lend a financial hand to New Jersey's overall health care system when the State's ability to do so is more limited than ever.

The Authority, which played a vital role in the Commission's facilitation, is also helping to follow through on some of the Commission's initiatives. Specifically, the Authority is creating a training program, required for new hospital board members, to ensure that they understand the various options to respond to changing markets. The Authority is also creating an "early warning system" to monitor and inform hospital boards of pending distress so that the boards can make informed decisions well in advance of crisis times.

While financial times such as these require sacrifice from all parties, my administration, along with the help of the Department of Health and Senior Services and this Authority, will continues to strive to ensure access to health care for all of our citizens. We owe it to the citizens of New Jersey to adjust our healthcare system the right way.§

NEW NJHCFFA CHAIR

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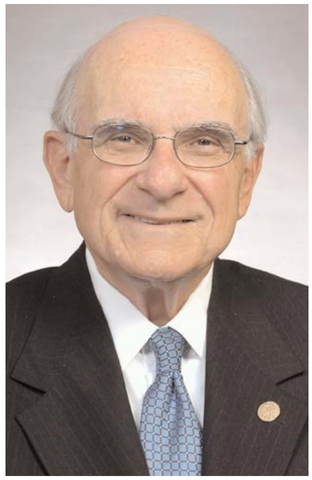
School of Law, Ms. Howard currently lives in Princeton with her husband and son.



Fred M. Jacobs, M.D., J.D.

Following his resignation, Fred M. Jacobs returned to his earlier professional roots at the Saint Barnabas Health Care System, where he was named Executive Vice President and Director of the Saint Barnabas Quality Institute.

At his final Authority meeting on November 15, 2007, Dr. Jacobs said, "Prior to my service with the Department of Health and Senior Services, I had very little knowledge of the Authority's business, however, I learned greatly from Mark Hopkins, Steve Fillebrown and the Members of the Authority." He commended the Authority's positive influence on the improvement of New Jersey health care facilities, and he thanked the Members and staff for their work on behalf of New Jersey.§

MEMBER MOSHE COHEN RESIGNS

On January 18, 2008, Moshe Cohen, PhD resigned from his role as Public Member of the Authority.

Appointed by Governor Richard J. Codey, Dr. Cohen was confirmed by the State Senate to serve as an Authority Public Member on December 15, 2005. During his tenure, he served as the Authority's Treasurer for two terms and Secretary for one. He also provided expertise on a variety of subjects, particularly areas relating to property, real estate and mortgage matters, and open public meeting policy concerns.

The Members and staff are grateful for his contributions and wish him success in his future endeavors.§

Moshe Cohen, PhD

NJHCFFA
NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY

SENIOR NJHCFFA STAFF

Mark E. Hopkins
Executive Director

Dennis P. Hancock
Deputy Executive Director,
Director of Project Management

Stephen M. Fillebrown
Director of Research, Investor Relations and Compliance

James L. Van Wart
Director of Operations and Finance,
Custodian of the Public Record

NJHCFFA MEMBERS

Ex-Officio Members

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Commissioner of Health and Senior Services

Stephen M. Goldman ·
Commissioner of Banking and Insurance

Jennifer Velez, Esq. ·
Commissioner of Human Services

Public Members

Gustav Edward Escher, III. ·

Ulysses Lee ·

The Authority currently has two Public Member vacancies.