

Minutes of the New Jersey Health Care Facilities Financing Authority special meeting held on March 21, 2013 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

*The following **Authority Members** were in attendance:*

Via telephone: Bill Conroy, Designee of the Commissioner of Health (Chairing); Greg Lovell, Designee of the Commissioner of Human Services; Dr. Munr Kazmir, Public Member and Suzette Rodriguez, Public Member.

*The following **Authority staff members** were in attendance:*

Mark Hopkins, Steve Fillebrown, Ron Marmelstein, Suzanne Walton, Linda Hughes, Carole Conover, Jessica Lucas, and Marji McAvoy.

*The following **representatives from the State and/or the public** were in attendance:*

Lynn Besancon, Attorney General's Office; Nicole Crifo, Governor's Authorities Unit; Steven Petrecca, Assistant Treasurer; Jim Petrino and David Moore from the Treasurer's Office of Public Finance; Bernard Davis of Wolff and Samson; and Peter Nissen of Acacia Financial Group.

CALL TO ORDER

Executive Director Mark Hopkins called the meeting to order at 11:32 a.m. and announced that this was a special meeting of the Authority. 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.

Mr. Hopkins suggested that in the absence of the Authority's Chairperson and Vice Chair, a Chair pro tem should be named. Mr. Lovell nominated Bill Conroy to serve as Chair pro tem for the March 21, 2013 meeting and Dr. Kazmir seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. MM-67

NOW, THEREFORE, BE IT RESOLVED, that, in the absence of the Authority's Chairperson and Vice Chairperson, Bill Conroy will serve as the chair pro tem for the March 21, 2013 Authority meeting.

1. CONTINGENT BOND SALES

Greystone Park Psychiatric Hospital & Marlboro Psychiatric Hospital

Ms. Suzanne Walton introduced Bernie Davis from the firm of Wolff and Samson, bond counsel and Peter Nissen from Acacia Financial Group, the financial advisor, and joining the meeting by telephone was Steve Petrecca, Assistant Treasurer of the State of New Jersey.

Ms. Walton informed the Members that she would be seeking the Board's approval of contingent sales of Lease Revenue Bonds on behalf of the Department of Human Services for two project financings: the Greystone Park Psychiatric Hospital Project, Series 2013 and the Marlboro Psychiatric Hospital Project, Series 2013.

She would summarize the transaction terms for each project financing and then turn the presentation over to bond counsel to outline the respective Resolutions.

The Department of Human Services is requesting the Members' consideration of a contingent sale of bonds on behalf of the Greystone Park Psychiatric Hospital Project in two series, the Series 2013A Lease Revenue Bonds in an aggregate principal amount not to exceed \$55 million and the Series 2013B Lease Revenue Refunding Bonds in an aggregate principal amount not to exceed \$190 million, collectively the Series 2013 Bonds. The proceeds of the Series 2013A Bonds will be used to (i) finance the costs of completing the demolition and remediation of the psychiatric facilities formerly used by Greystone Park Psychiatric Hospital ("the "2013 Project Facilities"); (ii) fund capitalized interest and (iii) pay the related costs of issuance. The proceeds of the Series 2013B Bonds will be used to (i) refund and defease all or a portion of the Department of Human Services Lease Revenue Bonds (Greystone Park Psychiatric Hospital Project) Series 2003 and 2005 Bonds (the "Refunding") and (ii) pay the related costs of issuance.

The Department of Human Services is also requesting the Members' consideration of a contingent sale of Lease Revenue Bonds on behalf of the Marlboro Park Psychiatric Hospital Project in an aggregate principal amount not to exceed \$80 million. The proceeds of the Bonds will be used to (i) finance the demolition and remediation of the existing facilities at or related to Marlboro Psychiatric Hospital ("Marlboro") and the construction of group housing; (ii) fund capitalized interest and (iii) pay the related costs of issuance.

Both transactions are structured as Lease Revenue Bonds, whereby, DHS enters into a Lease with the Authority and the Authority, in turn, subleases the Leased Property back to DHS. The sublease requires the DHS to make rental payments sufficient to cover interest and principal to the bondholders, along with any administrative expenses of the Authority. The rental payments received by the Authority from DHS will pay the debt service on the bonds and the administrative expenses of the Authority. These rental payments will be subject to appropriation by the State Legislature and a default will only occur if the Legislature makes an appropriation and DHS fails to make the rental payment.

The bonds will be sold through competitive bid and will be awarded to the bidder(s) offering to purchase the Bonds at the lowest true interest cost. The bonds may be sold on the basis of the State's credit, however, the resolutions allow for the purchase of one or more municipal bond insurance policies with respect to any or all of the maturities, with the written consent of the State Treasurer, if it is determined that insurance will provide an overall lower interest cost.

Ms. Walton then turned the presentation over to Bernie Davis, Esq. of Wolff & Samsom PC to outline the Resolutions for the Greystone Park and Marlboro financings.

GREYSTONE RESOLUTION

Mr. Davis stated that the Resolution authorizes the issuance of tax-exempt Series 2013 Bonds in two series, the Series 2013A Bonds an aggregate principal amount not to exceed \$55,000,000 and the Series 2013B Bonds in an aggregate principal amount not to exceed \$190,000,000 at a true interest cost not to exceed 5.0% per annum. The Bonds would have a final maturity no later than September 15, 2038, a maximum redemption price no greater than 100% and interest shall not be capitalized for a period greater than three (3) years. The bonds would be secured by basic rental payments made by the Department of Human Services.

The Resolution authorizes the public sale of the 2013 Bonds in accordance with the terms of the Notice of Sale and Summary Notice of Sale and states the Bonds will be awarded to the bidder(s) offering to purchase the 2013 Bonds at the lowest true interest cost. The Resolution approves in substantially final form the Notice of Sale and Summary Notice of Sale, the Second Supplemental Indenture, the Amendment to the Sublease and Agreement, and the Continuing Disclosure Agreement and appoints U.S. Bank National Association as the Trustee, Bond Registrar and Paying Agent for the Bonds. U.S. Bank will also serve as Escrow Agent for the defeasing of the 2003 and 2005 Bonds. In addition to authorizing the 2013 Bonds, the Second Supplemental Indenture authorizes the amendment of certain provisions of the Original Indenture. The Resolution also approves the form of Preliminary Official Statement and authorizes an Authorized Officer of the Authority to execute and deliver on behalf of the Authority an Official Statement to the Purchaser.

In addition, based upon a competitive RFP process undertaken by the Authority and in consultation with the State Treasurer, the Resolution appoints Causey Demgen & Moore, P.C. as verification agent.

And, finally, the Resolution authorizes the Authorized Officers of the Authority to make such other determinations, execute such other documents, instruments and papers and to do such acts and things as may be necessary or advisable in connection with the issuance, sale and delivery of, and security for, the 2013 Bonds and which are not inconsistent with the provisions of the Resolution and the Indenture.

Mr. Conroy asked the Members' pleasure with respect to the adoption of the Resolution on behalf of Greystone Park Psychiatric Hospital. Dr. Kazmir made a motion to approve the adoption of the Resolution on behalf of Greystone Park Psychiatric Hospital. Ms. Rodriguez seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. MM-68

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Resolution entitled, "RESOLUTION AUTHORIZING THE ISSUANCE OF DEPARTMENT OF HUMAN SERVICES LEASE REVENUE BONDS (GREYSTONE PARK PSYCHIATRIC HOSPITAL PROJECT) SERIES 2013 AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH."

(attached)

MARLBORO RESOLUTION

Mr. Davis stated that the Resolution authorizes the issuance of the Series 2013 Bonds in an aggregate principal amount not to exceed \$80,000,000 at a true interest cost not to exceed 5.0% per annum. The Bonds would have a final maturity no later than September 15, 2038, a maximum redemption price no greater than 100% and interest shall not be capitalized for a period greater than three (3) years. The bonds would be secured by basic rental payments made by the Department of Human Services.

The Resolution authorizes the public sale of the 2013 Bonds in accordance with the terms of the Notice of Sale and Summary Notice of Sale and states the Bonds will be awarded to the bidder(s) offering to purchase the 2013 Bonds at the lowest true interest cost. The Resolution approves in substantially final form the Notice of Sale and Summary Notice of Sale, the Indenture, the Lease, the Sublease and Agreement, and the Continuing Disclosure Agreement and appoints U.S. Bank National Association as the Trustee, Bond Registrar and Paying Agent for the Bonds. It also approves the form of Preliminary Official Statement and authorizes an Authorized Officer of the Authority to execute and deliver on behalf of the Authority an Official Statement to the Purchaser.

And, finally, the Resolution authorizes the Authorized Officers of the Authority to make such other determinations, execute such other documents, instruments and papers and to do such acts and things as may be necessary or advisable in connection with the issuance, sale and delivery of, and security for, the 2013 Bonds and which are not inconsistent with the provisions of this Resolution and the Indenture.

Mr. Conroy asked the Members' pleasure with respect to the adoption of the Resolution on behalf of Marlboro Psychiatric Hospital. Dr. Kazmir made a motion to approve the adoption of the Resolution on behalf of Marlboro Psychiatric Hospital. Ms. Rodriguez seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. MM-69

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Resolution entitled, "RESOLUTION AUTHORIZING THE ISSUANCE OF DEPARTMENT OF HUMAN SERVICES LEASE REVENUE BONDS (MARLBORO PSYCHIATRIC HOSPITAL PROJECT) SERIES 2013 AND DETERMINING OTHER MATTERS IN CONNECTION THEREWITH."

(attached)

Mr. Conroy noted that due to the time-sensitivity of the issue, the Authority Staff recommended requesting an expedited review of the minutes from this meeting.

Dr. Kazmir made a motion authorizing the Assistant Secretary to execute a certified copy of minutes from this meeting to be forwarded to the Governor for his advanced consideration of these actions. Mr. Lovell seconded the motion. The vote was unanimous and the motion carried.

AB RESOLUTION NO. MM-70

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby authorizes the Assistant Secretary to execute a certified copy of minutes from this meeting to be forwarded to the Governor for his advanced consideration of these actions.

As there was no further business to be addressed, following a motion by Dr. Kazmir and a second by Ms. Rodriguez, the Members voted unanimously to adjourn the meeting at 11:44 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 21, 2013.

Carole A. Conover, Assistant Secretary