Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on November 20, 2014 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following ***Authority Members*** *were in attendance:*
Vice Chair, Elisa Charters (Chairing), Greg Lovell, Designee of the Commissioner of Human Services; Mary Ann Kralik, Designee of the Commissioner of Banking and Insurance; and Dr. Munr Kazmir, Public Member; and via telephone: William Conroy, Designee of the Commissioner of Health; Suzette Rodriguez, Public Member.

The following ***Authority staff members*** *were in attendance:*
Mark Hopkins, Steve Fillebrown, Suzanne Walton, Ron Marmelstein, Michael Ittleson, Carole Conover, Carl MacDonald, Bill McLaughlin, Taryn Jauss, Frank Troy, Ellen Lieber, Paige Piotrowski, Jessica Lucas, Bernie Miller and Chris Kniesler.

The following ***representatives from the State and/or the public*** *were in attendance:*
Cliff Rones, Attorney General's Office; Tyler Yingling, Governor's Authorities Unit; Gail Kosyla, Hunterdon Medical Center; Scott Kobler, McCarter & English; John T. Kelly, Wilentz, Goldman & Spitzer; Chuck Stafford, B. C. Ziegler & Co.; William Placke, Authority Member nominee. Attending by telephone were Erica Craner, Senior Vice President and Tracy Froelich, Assistant Vice President, Marsh USA; Bistra Stankov, Underwriter, AIG.

CALL TO ORDER

Vice Chair Elisa Charters called the meeting to order at 10:00 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 22, 2014 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 the *Courier Post,* enough in advance to permit the publication of an announcement at least 48 hours before the meeting.

1. APPROVAL OF MINUTES

A. October 23, 2014 Authority Meeting

Minutes for the Authority's October 23, 2014 Authority meeting were distributed for review and approval prior to the meeting. Ms. Charters asked for a motion to approve the minutes. Dr. Kazmir made the motion. Mr. Lovell seconded. The vote was unanimous and the minutes were approved.

2. DIRECTORS AND OFFICERS LIABILITY INSURANCE POLICY RENEWAL

Mr. Michael Ittleson introduced Erica Craner, Senior Vice President from broker Marsh USA, Tracy Froelich, Assistant Vice President from Marsh USA, and Bistra Stankov, underwriter from AIG who were all participating by phone.

Mr. Ittleson reported that the Authority's broker, Marsh USA, approached the following six (6) insurance carriers that are "A" rated with regards to a new policy:

1. National Union Fire Ins. Co. of Pittsburgh, PA (AIG) offered:

    (a) $20 million shared D&O/EPL limits with a retention level of $175,000 for an annual premium of $80,236.00 plus a New Jersey surcharge of $722.00 for a total of $80,958.00 or a 4.97% increase from the expiring premium or

    (b) $10 million shared D&O/EPL limits with a retention level of $175,000 for an annual premium of $47,097.00 plus a New Jersey surcharge of $424.00 for a total of $47,521.00 or

    (c) $20 million aggregate with EPL claims capped at $10 million with a retention level of $175,000 for an annual premium of $76,664.00 plus a New Jersey surcharge of $690.00 for a total premium of $77,354.00 or

    (d) $20 million aggregate with EPL claims capped at $5 million with a retention level of $175,000 for an annual premium of $74,469.00 plus a New Jersey surcharge of $670.00 for a total premium of $75,139.00 or

    (e) $15 million aggregate with EPL claims capped at $10 million with a retention level of $175,000 for an annual premium of $63,719.00 plus a New Jersey surcharge of $573.00 for a total premium of $64,292.00.

2. Starr Indemnity & Liability Company offered a $10 million excess of $10 million policy for an annual premium of $27,074.00 with a New Jersey surcharge of $243.67 for a total premium of $27,317.67.

3. Ironshore Insurance Services, LLC offered a $10 million excess of $10 million policy for an annual premium of $40,000.00 with a New Jersey surcharge of $360.00 for a total premium of $40,360.00.

4. Hiscox declined due to underwriting guidelines.

5. Travelers declined due to underwriting guidelines.

6. Zurich declined due to underwriting guidelines.

Mr. Ittleson informed the Members that the policies offered by AIG, options (c) and (d) were eliminated due to the dollar limit on the EPL claims and (e) was eliminated not only due to the dollar limit on the EPL claims but the aggregate amount was less than $20 million.

According to Mr. Ittleson, that left for consideration options (a) and (b). Option (a) is the Authority's typical $20 million policy with a retention level of $175,000. The renewal premium reflects a 4.97% increase over the expiring policy. According to the broker the reason for the increase is due to "asset growth (of about $1M), market conditions and current risk exposure since this was last underwritten. The current management liability market continues to emphasize the need to increase rates since premium dollars are below sustainable levels. Larger increases are tied to specific accounts with loss deterioration and/or changes in exposures. Market data shows average premium increases for D&O/EPL ranging from 5-15% even if there are no significant changes in exposures." Mr. Ittleson noted that the expiring policy had a 7.08% increase and the December 18, 2012 renewal had a 0.50% increase. By contrast, the December 18, 2008 renewal to the December 18, 2011 renewal (4 renewal periods) had decreases of 5.90%, 6.77%, 1.84% and 0.52%. Regarding option (b) that is a $10 million policy with a retention level of $175,000. That policy would have to be combined with the $10 million excess of $10 million policy offered by Starr Indemnity & Liability in order for the Authority to remain at a policy of $20 million. Combining AIG's option (b) with Starr's excess policy would result in a total premium of $74,838.67 or $2,289.33 less than our expiring premium and a percentage decrease of 2.97%. It is also, $6,119.33 less than AIG's $20 million option (a) premium or a percentage decrease of 7.56%. Ironshore's excess policy was not competitive with Starr's excess policy and as such was eliminated from consideration.

Mr. Ittleson explained that the D&O/EPL policy is a **claims made policy** and provides coverage for a claim which is first made against the insured during the policy period and reported in writing to the insurer as soon as practicable. Claims should be made either during the Policy Period (or Discovery Period – if elected); or within 90 days after the end of the Policy Period or Discovery Period, as long as such claim is reported no later than 90 days after the date such claim was first made against an insured. The Discovery Period is also known as "tail coverage" and occurs if a policy is canceled. An extended reporting period can be purchased, which would extend the time within which a claim can be reported under the policy period. It would not extend the expiration date of the policy.

National Union Fire Ins. Co. of Pittsburgh, PA (AIG) has a rating from A.M. Best Company of "A (Excellent)". This rating is assigned to companies that have, in A.M. Best's opinion "an excellent ability to meet their ongoing insurance obligations."

RECOMMENDATION

Mr. Ittleson stated that AIG's $10 million primary policy (option b) and Starr's $10 million excess policy would still give the Authority a $20 million limit at a reduced premium from the expiring policy and AIG's standard $20 million policy (option a.) However, staff had concerns that, if in the future AIG or any other insurers only offered a $10 million primary policy and no other insurer would quote on a $10 million excess policy, the Authority could conceivably no longer have a $20 million limit of liability policy.

Mr. Ittleson said that staff feels more comfortable with the proposal from National Union Fire Ins. Co. of Pittsburgh, PA (AIG) (option a) which is the $20 million limit of liability policy at a premium of $80,236.00 plus the $722.00 NJ surcharge for a total payment of $80,958.00. This represents a dollar increase of $3,830.00 or a percentage increase of 4.97% from the expiring policy while not losing any coverage and maintaining the retention level of $175,000. The policy period is December 18, 2014 through December 18, 2015.

Dr. Kazmir made a motion to approve the renewal of the D&O policy with AIG. Mr. Lovell seconded the motion. The vote was unanimous and the motion carried.

AB RESOLUTION NO. OO-31

> **NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby approves the renewal of the Directors and Officers Liability Insurance policy with AIG.

3. BOND SALE REPORT

A. Barnabas Health

Ms. Charters asked Suzanne Walton to provide the Members with a status report on the Barnabas Health transaction.

Ms. Walton reported that on Monday, November 17, the Authority and JPMorgan Bank priced Barnabas Health's Series 2014A fixed rate bond transaction of $129.9 million. The proceeds from the Series 2014A Bonds, which were rated A3 by Moodys and A- by Standard & Poor's and Fitch, will be used to effect the current refunding of all of the currently outstanding GNMA Collateralized Taxable Revenue Bonds issued by Jersey City Medical Center, an affiliate of Barnabas Health.

In anticipation of the pricing, J.P. Morgan hosted a NetRoadshow investor presentation on Wednesday, November 12, 2014 - Eighteen (18) firms dialed into the live call, and an additional eleven (11) firms listened to the recorded presentation in advance of pricing.

The Bonds were marketed to investors with two term bonds in 2044, one 4.25% coupon at a spread of +125 bps and another 5% coupon at a spread of +90 bps to the MMD scale (3.08). With subscription levels at approximately 2 times on the 5.00% bond and nearly full subscription on the 4.25% bond, J.P. Morgan suggested we maintain spreads at the initial offering levels and offered to underwrite the bonds. After consultation with the Borrower, the Authority accepted their offer and gave the verbal award. The $29.925 million 4.25% term bond priced at a yield of 4.33% and the $100 million 5.00% term bond priced at a yield of 3.98%. The all-in true interest cost was 4.55%.

Ms. Charters thanked Ms. Walton for the report and noted that this report was for informational purposes only and that no action needed to be taken by the Members.

4. CONTINGENT BOND SALE

A. <u>Hunterdon Medical Center</u>

Ms. Charters introduced Gail Kosyla, Chief Financial Officer of Hunterdon Medical Center. She then asked Carl MacDonald to present the details of the transaction.

Mr. Mac Donald informed the Members that a revised board summary has been placed on the table reflecting the proper not-to-exceed amount of the 2014D bonds. Earlier this year, the Medical Center notified the Authority of its desire to pursue a plan of finance pursuant to which the Authority would provide funds through the issuance of bonds, in one or more Series to restructure all of its long-term debt. Last month the Members approved the not-to-exceed $50M Series 2014A Public offering component of the plan of finance that will advance refund the Series 2006A and currently refund the Series 2014 issues, as well as fund the remaining costs of various capital improvements for the Medical Center, including the Cardiovascular and Vertical Expansion Project for its acute care hospital.

Mr. MacDonald stated that today, the Members are being asked to consider a contingent sale of additional series of bonds in the form of a Private Placement, to complete the plan of finance. The proceeds of the Series 2014B, C, & D Bonds are expected to be used to: 1) advance refund the Authority's Hunterdon Medical Center Series 2006B Bonds, 2) currently refund the Series 2009 Bonds, 3) refinance a Taxable Loan and 4) pay the related cost of issuance.

The private placement transaction will be issued in three separate series, 2014B, 2014C, and 2014D and sold on a direct purchase basis to TD Bank N.A. The proceeds of the 2014B Bonds will be used to advance refund the Medical Center's Series 2006B Bonds maturing on July 1, 2036, of which $16,340,000 currently remains outstanding. The refunding will generate $2.4M in NPV savings, or 14.6% of the refunded bonds. The proceeds of the Series 2014C Bonds will be used to currently refund the Medical Center's Series 2009 Bonds, maturing on July 1, 2019, of which $6,300,000 currently remains outstanding. The refunding will generate $75,000 in NPV savings, or 1.19% of the refunded bonds. The proceeds of the 2014D Bonds will be used to refinance a taxable commercial loan maturing on July 1, 2017 of which $5,000,000 currently remains outstanding. The refunding will generate $86,000 in NPV savings, or 1.73% of the refunded bonds.

Mr. Mac Donald stated that each Series of the Series 2014 Bonds will be secured by payments made by the Medical Center under a Loan Agreement with the Authority, as evidenced and secured by a Promissory Note issued pursuant to the provisions of the Medical Center's Master Trust Indenture. Standard and Poor's and Fitch have affirmed the Medical Center's "A-/A" rating.

Mr. Mac Donald informed the Members that John Kelly of Wilentz, Goldman & Spitzer P.A., Bond Counsel, would present the Bond Resolution pertaining to this transaction

BOND RESOLUTION

John Kelly of Wilentz, Goldman & Spitzer P.A., Bond Counsel, stated that the Bond Resolution authorizes the issuance of tax-exempt Series 2014 Bonds in three separate Series; Series 2014B, Series 2014C and Series 2014D, with an aggregate principal amount not in excess of $16,600,000 million for Series 2014B Bonds; an aggregate principal amount not in excess of $6,425,000 million for Series 2014C Bonds; and an aggregate principal amount not in excess of $5,100,000 million for Series 2014D Bonds. The Bond Resolution provides that the Series 2014B Bonds shall have a final maturity date of no later than July 1, 2036; the Series 2014C Bonds shall have a final maturity date of no later than December 1, 2019; and the Series 2014D Bonds shall have a final maturity date of no later than December 1, 2034. The Bond Resolution provides that the Series 2014B Bonds will bear interest at a fixed rate to maturity provided that the true interest cost of the Series 2014B Bonds shall not exceed 3.75% per annum. The Bond Resolution also provides that the Series 2014C Bonds will bear interest at a variable rate to maturity provided that the initial interest rate shall not exceed 2.00% per annum, and 12.00% thereafter. The Bond Resolution also provides that the Series 2014D Bonds will bear interest at a variable rate to maturity provided that the initial interest rate shall not exceed 2.25% per annum, and 12.00% thereafter. The interest rate for each Series of the Series 2014 Bonds will be determined at or shortly prior to closing. Each Series of the Series 2014 Bonds will be subject to redemption prior to maturity as set forth therein and in the Trust Agreement pursuant to which the Series 2014 Bonds are issued, provided, that the redemption price cannot be greater than 105%, except in the case of any optional "make-whole" redemption of the Series 2014 Bonds.

Pursuant to the Bond Resolution, the obligations of the Medical Center to make the debt service and other payments required by the Loan Agreement between the Authority and the Medical Center will be secured by a Promissory Note of the Medical Center issued under a new Master

Trust Indenture to be entered by the Medical Center and The Bank of New York Mellon, as Master Trustee, simultaneously with the issuance and closing of the Series 2014 Bonds.

Additionally, the Bond Resolution approves the form of and authorizes the execution and delivery of (i) the Series 2014B Bonds, the Series 2014C Bonds and the Series 2014D Bonds, (ii) a Direct Bond Purchase Agreement by and among the Authority, TD Bank, N.A., as Purchaser, and the Medical Center, (iii) a Trust Agreement for the Series 2014 Bonds, (iv) a Loan Agreement between the Authority and the Medical Center for the Series 2014 Bonds, and (v) a Calculation Agent Agreement with TD Bank with respect to the calculation of the variable interest rates for the Series 2014C and Series 2014D Bonds.

The Bond Resolution appoints U.S. Bank National Association as the Bond Trustee, Bond Registrar and Paying Agent for the Series 2014 Bonds and authorizes the Authorized Officers of the Authority to execute and deliver such other documents and to take such other action as may be necessary or appropriate to effectuate the execution and delivery of the Direct Bond Purchase Agreement, the Trust Agreement, the Loan Agreement, the Calculation Agent Agreement, the completion of the refundings and the issuance and sale of the Series 2014 Bonds.

Ms. Charters asked the Members' pleasure with respect to the adoption of the Bond Resolution. Dr. Kazmir moved that the resolution be approved. Mr. Conroy seconded. The vote was unanimous and the resolution was approved.

AB RESOLUTION NO. OO-32

> **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, HUNTERDON MEDICAL CENTER OBLIGATED GROUP ISSUE, SERIES 2014B, C AND D.

Ms. Kosyla thanked the Members for their approval. She then thanked Carl MacDonald and Suzanne Walton for all of their work in putting together this transaction.

5. FINANCE COMMITTEE REPORT

A. 2015 Authority Budget

Dr. Munr Kazmir, Chair of the Finance Committee, informed the Members that the Finance Committee met on November 5, 2014 to discuss the Authority's proposed 2015 budget. The Committee voted to recommend this budget for the Members' approval.

Dr. Kazmir said that the proposed 2015 cash budget includes an estimated income of $4.01 million, which is a 0.99% increase. Estimated expenses are budgeted at $3.72 million, which is an increase of 2.75%. The budget includes revenues over expenses of $289,513.00.

Dr. Kazmir then asked Executive Director Hopkins to make the budget presentation. Mr. Hopkins noted that, in the past ten years, from 2005 to 2014, total expenses increased by only 3.39%, while the average CPI for New York City & Philadelphia increased 28.70%. For the seventh year in a row, the proposed budget does not include any cost of living or merit-based salary increases. Mr. Hopkins also pointed out that 2015 contains 27 pay days instead of the usual 26. This anomaly occurs every 11 years because the Authority pays biweekly and uses cash accounting. As a result, the salary expenses for 2015 show a 3.82% increase although no salaries have changed. Mr. Hopkins also provided the Members with financial projections over the next 10 years.

During the presentation, Mr. Conroy inquired as to whether the presentation was informational. Mr. Hopkins replied that the Authority would be voting on the budget at this meeting.

Ms. Charters asked the Members to meet in Executive Session to discuss personnel matters, as permitted by the Open Public Meetings Act and the Authority's By-laws. Dr. Kazmir moved to meet in Executive Session. Mr. Lovell seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. OO-33

> **NOW, THEREFORE, BE IT RESOLVED,** that, as permitted by the Open Public Meetings Act and the Authority's By-laws, the Authority met in Executive Session to discuss personnel matters.
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> **BE IT FURTHER RESOLVED,** that the results of discussions may be made known at such time as the need for confidentiality no longer exists.

Ms. Charters announced that they were back in Public Session and moved on to the next agenda items.

6. APPROVAL OF EXPENSES

Ms. Charters referenced a summary of Authority expenses and invoices provided to the Members. Dr. Kazmir offered a motion to approve the bills and to authorize their payment; Ms. Kralik seconded the motion. The vote was unanimous, and the motion carried.

AB RESOLUTION NO. OO-34

WHEREAS, the Members of the Authority have reviewed the memoranda dated November 12, 2014, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of $32,898.00 and $295,326.67 respectively, and have found such expenses to be appropriate;

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.

7. STAFF REPORTS

Ms. Charters thanked Staff for the Project Development Summary, Cash Flow Statement, and Legislative Advisory reports.

Ms. Charters asked Executive Director Hopkins to present his Executive Director's report,

Mr. Hopkins presented the following items to Members:

1. Mr. Hopkins introduced Mr. William Placke in the audience. Mr. Placke was nominated by the Governor to fill the existing vacancy on the Authority and is waiting for Senate confirmation.

2. He then thanked the Authority Members for completing their online ethics training from the State Ethics Commission in accordance with Executive Order #41 (Codey 2005).

3. NJ Hospital & Health Care Organization News:

   a. Cooper University Health Care announced last week that the Governor's Chief of Staff, Kevin O'Dowd, who is also Commissioner O'Dowd's husband, will become Cooper's Senior Vice President and Chief Administrative Officer in January. Commissioner O'Dowd has recused herself from any decisions directly affecting Cooper.

   b. The latest report card from The Leapfrog Group, a non-profit health care consumer education organization, ranked New Jersey fourth in nation for hospital safety. The rating was up from 7th in the nation last April. Maine, Massachusetts and Virginia ranked higher.

c. New Jersey had the most hospitals penalized by Medicare for readmissions within 30 days of admission for five common hospitalizations. 98% of New Jersey hospitals were penalized with a reduction of Medicare payments of up to 3% of all Medicare admissions. The New Jersey average penalty was .82% or fifth highest in the nation by percentage penalty.

d. The State legislature is considering legislation to counter-act the recent trend of a few hospitals going out-of-network with most or all major insurance carriers. As a result of the New Jersey law that requires insurers to pay the hospital's charges if their insured is admitted to the out-of-network hospital through the emergency room, insurers end up paying considerably more than the payments they would normally pay when their insured is admitted to an in-network hospital. Proposals to prevent what many consider excessive charges include: (i) establishment of a reasonable fee schedule for out-of-network charges; (ii) baseball-style arbitration (where the arbitrator would determine that either the hospital's charge was paid or the insurers offer was paid, not anything in between); (iii) disclosure of whether the treating doctor is in the patient's network; and, (iv) a prohibition on sending some unpaid patient bills to collection agencies. Hospitals counter by saying their charges are only a starting point for negotiation with out-of-network insurers and claim that the insurers are offering unsustainable payments to allow the hospital to be in-network.

e. Stakeholders have met with Department of Health officials to provide input on Commissioner O'Dowd's recommendations on hospital financial transparency. The exchange of ideas is ongoing and will inform the regulations expected to be issued.

f. Senator Brian Stack has introduced a bill that would make requirements similar to many of the Commissioners recommendations law.

g. When the Memorial Hospital of Salem County was acquired by the for-profit Community Health Systems ("CHS") in 2002, $34 million from the sale was set aside in a foundation. Recently introduced legislation would allow those funds, now estimated to be nearly $60 million, to be used to have the foundation or a not-for-profit operator buy the hospital back from CHS. Legislators believe that Salem has not been doing well and fear the hospital may be on the verge of closure. A hospital representative denies that there are any plans for closure and ensures that CHS is committed to keeping the hospital open.

h. Governor Christie signed a bill last Thursday designed to reduce unnecessary hospital readmissions by requiring hospitals to provide the patient's designated caregiver with written instructions and demonstrations, where appropriate, for follow-up care when the patient is discharged from the hospital.

i. Newark Mayor Ras Baraka, city council members and community and labor groups are questioning whether the sale of St. Michael's Medical Center to Prime Healthcare Services is in the best interest of Newark area patients. Some are requesting that the bidding be reopened, others are asking that any approval include stipulations that

Prime, a for-profit chain, be required to keep the hospital open for longer than the five years proposed by Prime, continue its current level of services, keep the hospital in-network with insurers and work closely with the other Newark hospitals. The Mayor also stated that Newark could not afford to have another hospital close. Prime responded that it intends to keep the hospital open for at least ten years, retain virtually all the current staff and services and invest in the infrastructure of the facility. Several Newark council members have come out in support of the transaction as well as JNESO and 1199J, unions representing many employees at St. Michael's.

j. St. Peter's University Hospital dedicated its $17 million emergency department expansion yesterday. The expansion was financed largely by bonds issued by the Authority. It enlarges the emergency department from 18,000 square feet to 29,000 square feet, which will allow St. Peters to treat up to 75,000 patients in the emergency room per year.

k. Hackensack UMC at Pascack has announced that it will be performing a $14 million renovation to its emergency department. The emergency department more than doubles in size and will move from the back of the hospital to the front of the hospital.

l. St. Joseph's Healthcare System has named Kevin Slavin to succeed long-time President and CEO William McDonald. Mr. Slavin has been President and CEO of East Orange General Hospital since 2005. He was previously an Executive Vice President and Chief Operating Officer at St. Joseph's. He has also held executive positions at St. Peter's and St. Clare's. St. Joseph's has also named David Alexander as its Chief Financial Officer to succeed Jack Robinson. Mr. Alexander was previously Senior Vice President and Chief Financial Officer at Memorial Health System in Hollywood, Florida. He also served as Vice President – Strategic Planning and Corporate Controller at Jackson Health System in Miami and Corporate Controller at The Children's Hospital of Philadelphia.

m. With the departure of CEO Kevin Slavin, East Orange Medical Center has named Martin Bieber as interim President and Chief Executive Officer. Mr. Bieber retired in 2013 as President and CEO of Kennedy Health System. East Orange is currently under contract to be acquired by Prospect Medical Holdings and is awaiting regulatory approvals.

n. Robert Wood Johnson University Hospital Hamilton has filed notice that it intends to lay off up to 87 employees as a result of its planned closure of obstetrics services. The Department of Health is currently reviewing RWJ Hamilton's application to close obstetrics.

o. There are more choices on the Healthcare.gov website for New Jersey residents to select from but many of the insurance products have increased in price. Enrollment started November 15th and enrollees have until February 15th to enroll to avoid the tax penalty applied for failure to have qualifying health insurance.

p. AmeriHealth New Jersey, which pioneered an insurance product with Cooper University Health Care, has also partnered with Shore Medical Center and Cape Regional Medical Center.

q. An article from the Motley Fool is included on the estimate that the Affordable Care Act saved hospitals a total of $5.7 billion in uncompensated care nationwide in 2014.

r. University of California at Berkeley published research of California HMO patients that found that total spending per patient was 10.3% higher for hospital-owned physician offices compared to doctor-owned physician offices. It also found the per patient spending increased to 19.8% when the physician's office was owned by a multi-hospital system.

s. Fierce Healthcare reports on a study that shows consumer-driven healthcare could cut hospital inpatient business by 25% initially and 40% over the longer term.

t. Also provided today for your reading pleasure is an Urban Institute interview by Robert Berenson with surgeon and The New Yorker columnist Atul Gawande in which they discuss the pros and cons of the increasing trend of consolidation of health care providers.

u. Additional articles from The Bond Buyer address the fate of tax-exempt bonds under an all Republican Congress, the benefit of tax-exempt bonds to low income households and the SEC's warning that municipal bonds will be subject to more enforcement actions.

3. Authority News

   a. Ron Marmelstein is celebrating his 25th anniversary with the Authority.

   b. Seven Authority staff members attended The Bond Buyer's Healthcare and Higher Education Super Conference in New York on October 27th & 28th. The presentation did not seem as robust and cutting edge as they were last year, partially because Authority staff has been very proactive at monitoring changes and educating ourselves over the past year. Topics included: an economic address which was a little more positive than last year; financing techniques that have not changed much since last year; and, the new rules and initiatives of the SEC which have changed since last year. New alliances in healthcare proved to be an interesting healthcare specific topic, which covered partnering between hospitals, doctors, insurers and long-term care facilities. Most presentations are available on The Bond Buyer website. If any of the Authority Members would like to see the presentations please let me know. Mr. Hopkins credited Taryn

Jauss for keeping the Authority up to date on all of the regulatory and compliance changes in the industry.

Ms. Charters suggested that the Members take a short recess while waiting for a response from the Commissioner's Office with regard to the proposed budget. It was suggested that the Members reconvene at 11:30 am.

Dr. Kamir made the motion. Mr. Lovell seconded. Ms. Charters, Ms. Kralik, Mr. Lovell, Dr. Kazmir and Ms. Rodriquez all voted in favor of the motion. Mr. Conroy did not vote as he was changing remote locations. The motion passed.

AB RESOLUTION NO. OO-35

NOW, THEREFORE, BE IT RESOLVED, that, the Authority shall be in recess until 11:30 am so as to provide sufficient time to receive a response from the Commissioner's Office.

The Public session reconvened at 11:30 am.

Having received the response from the Commissioner's Office, Ms. Charters asked the Members to meet in Executive Session again to discuss personnel matters, as permitted by the Open Public Meetings Act and the Authority's By-laws. Dr. Kazmir moved to meet in Executive Session. Mr. Conroy seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. OO-36

NOW, THEREFORE, BE IT RESOLVED, that, as permitted by the Open Public Meetings Act and the Authority's By-laws, the Authority met in Executive Session to discuss personnel matters.

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

Ms. Charters reconvened the Public session and turned the meeting over to Dr. Kazmir to continue the Finance Committee report.

Dr. Kazmir applauded Staff's due diligence to keep costs to a minimum as well as Staff's ability to produce accurate budgets year after year. He thanked Michael Ittleson, Ellen Lieber, and all others on the staff.

As there were no further questions on the proposed budget, Dr. Kazmir made a motion to adopt the 2015 Authority Budget as presented. Ms. Charters seconded the motion. The vote was unanimous and the motion carried.

AB RESOLUTION NO. OO-37

NOW, THERFORE, BE IT RESOLVED, that the Authority hereby adopts the proposed 2015 Authority Budget as recommended by the Finance Committee.

As there was no further business, following a motion by Mr. Lovell and a second by Mr. Conroy, the Members voted unanimously to adjourn the meeting at 11: 39 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 NOVEMBER 20, 2014.

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Carole A. Conover, Assistant Secretary