

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on May 28, 2015 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

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

Elisa Charters, Vice-Chair (Chairing); Brian O'Neill, Designee of the Commissioner of Health; Greg Lovell, Designee of the Commissioner of Human Services; Maryann Kralik, Designee of the Department of Banking and Insurance; Dr. Munr Kazmir, Public Member; and, via telephone, Suzette Rodriguez, Public Member.

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

Mark Hopkins, Steve Fillebrown, Ron Marmelstein, Michael Ittleson, Carole Conover, Bill McLaughlin, Carl MacDonald, Frank Troy, Ellen Lieber, Debra Coons, Marji McAvoy, Bernie Miller, Nino McDonald, John Johnson and Chris Kniesler.

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

Cliff Rones, Attorney General's Office; Amy Herbold, Governor's Authority Unit, via telephone; and, Vijar Kohli, VM Global.

CALL TO ORDER

Vice Chair Elisa Charters called the meeting to order at 10:06 a.m. and announced that this was the Annual 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. April 23, 2015 Authority Meeting

Minutes for the Authority's April 23, 2015 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. NEGOTIATED SALE REQUEST **Equipment Revenue Note Program**

Ms. Charters informed Members that the Authority's Equipment Revenue Note Program offers borrowers a quick turnaround for financings no greater than \$15 million, the proceeds of which may only be used to acquire equipment or retrofit a facility for equipment. One of the factors contributing to the quick turnaround is that the Authority annually approves the private placement method of sale for all projects fitting the program's specific criteria.

Ms. Charters asked for a motion to ratify this annual resolution to approve the pursuit of a negotiated sale of bonds through private placement for transactions issued through the Authority's Equipment Revenue Note Program through May 31, 2016. Dr. Kazmir offered a motion to adopt the resolution; Mr. O'Neill seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. OO-55

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled "RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY NEGOTIATED TRANSACTION PURSUANT TO EXECUTIVE ORDER NO. 26."

(attached)

3. MODIFICATIONS TO THE AUTHORITY'S QUALIFIED BANKERS LIST

Ms. Charters called upon Bill McLaughlin to propose an addition to the Authority's Qualified Bankers List.

Mr. McLaughlin informed the Members that Cantor Fitzgerald & Company ("Cantor") has requested to be added to the Authority's list of approved bankers as a Co-Manager and that they have provided staff with the required Statement of Qualifications.

Mr. McLaughlin reported that Cantor is a registered broker-dealer and a futures commission merchant that principally trades equities, corporate, government, mortgage-backed and municipal securities. The firm has three offices in New Jersey with approximately 30 employees. Nationally, the firm has approximately 30 locations with over 550 employees.

Mr. McLaughlin stated that the firm has no experience as a primary level underwriter but that the professionals assigned to this sector have very broad industry experience. Since 2012, Cantor has participated in secondary market trades in securities issued by state and local entities in New Jersey totaling over \$555 million. Cantor's marketing and distribution network is suited for service to this Authority as a Co-manager. In addition, the firm's distribution capability is focused on the institutional investor.

Cantor is a general partnership organized under the laws of the State of New York in 1992. Cantor reported excess net capital of approximately \$231.6 million, which enables the firm to commit to an underwriting liability in excess of \$4 billion.

Mr. McLaughlin said that, based upon the information provided, Cantor has demonstrated that it is qualified to serve as a co-manager. Therefore, the Authority Staff is requesting that the

Members consider the addition of Cantor Fitzgerald & Co. to the Authority's list of approved bankers as a Co-manager.

Ms. Charters thanked Mr. McLaughlin for the recommendation and commented that she was pleased to see the Authority attracting more financial institutions.

Ms. Charters asked the Members' pleasure with respect to the adoption of the resolution appointing Cantor Fitzgerald & Company to the Authority's list of qualified bankers as a Co-manager. Dr. Kazmir made the motion and Ms. Rodriguez seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. OO-56

WHEREAS, the Members of the Authority have reviewed the memorandum dated May 20, 2015 regarding the addition of Cantor Fitzgerald & Company to the Authority's list of qualified bankers.

NOW, THEREFORE, BE IT RESOLVED, that the Authority add Cantor Fitzgerald & Company to the Authority's qualified bankers list as a Co-manager.

Ms. Charters called upon Bill McLaughlin to propose a modification to the Authority's Qualified Bankers List.

Mr. McLaughlin reported that, at the January 2015 Meeting, Members approved the addition of FTN Financial Capital Markets ("FTN") to the list of approved bankers as a Co-Manager. FTN recently contacted the Authority Staff and requested to be considered as a Senior Manager.

Mr. McLaughlin stated that FTN had initially requested to be considered as a Senior Manager, but that based on the information they presented in their Statement of Qualifications, staff could only recommended the approval as a co-manager. FTN has subsequently submitted an amended Statement of Qualifications, which reflects a recent senior managing engagement with a New Jersey-based issuer as well as a future engagement as the sole manager on refunding transaction for another New Jersey issuer.

Mr. McLaughlin reminded the Members that FTN is a division of First Tennessee Bank, NA, whose parent company is incorporated in Memphis, Tennessee. FTN provides municipal investment banking, sales, trading and underwriting to its customers through its current organization of approximately 500 employees in 27 offices in the United States and one office in Hong Kong. FTN has continued to expand its focus on the municipal market and has an established dedicated municipal institutional sales group with offices in New York, Philadelphia and Memphis. FTN's experience lies primarily in the competitive, new issue marketplace;

however, in the fourth quarter of 2012, FTN established a public finance department and began competing for negotiated public finance business. The current underwriting team is comprised of 27 municipal finance professionals. FTN's multi-tiered distribution system covers institutional buyers including the major Tier I institutional accounts as well as the middle market Tier II, III and IV accounts that are less extensively covered by other firms. FTN has \$3.2 billion in capital and they have indicated the entire amount is available for underwriting.

Based upon the information provided, Mr. McLaughlin said that the firm has demonstrated that it is qualified to serve as a Senior Manager. Therefore, the Authority Staff is requesting the Members consider FTN as a Co-manager and Senior Manager on the Authority's Approved Bankers List.

Ms. Charters thanked Mr. McLaughlin for all of his work and the Authority's efforts in maintaining the bankers list.

Ms. Charters asked the Members' pleasure with respect to the adoption of the resolution appointing FTN Financial Capital Markets to the Authority's list of qualified bankers as a Senior Manager. Dr. Kazmir made the motion and Mr. O'Neill seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. OO-57

WHEREAS, the Members of the Authority have reviewed the memorandum dated May 20, 2015 regarding the addition of FTN Financial Capital Markets to the Authority's list of qualified bankers.

NOW, THEREFORE, BE IT RESOLVED, that the Authority add FTN Financial Capital Markets to the Authority's qualified bankers list as a Co-Manager and Senior Manager.

4. 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; Mr. Lovell seconded the motion. Ms. Charters, Mr. O'Neill, Mr. Lovell, Dr. Kazmir and Ms. Rodriguez voted in the affirmative, Ms. Kralik abstained, and the motion carried.

AB RESOLUTION NO. OO-58

WHEREAS, the Members of the Authority have reviewed the memoranda dated May 20, 2015 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of \$57,700.00 and \$25,369.48 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.

5. OLD/NEW BUSINESS

a. Election of Officers

Ms. Charters announced that the May meeting serves as the Authority's Annual Meeting and therefore the Members were required to elect officers and approve meeting dates for the upcoming year. Mr. O'Neill offered a motion to elect the following slate of Authority officers for the coming year.

Officers of the Authority

Vice Chair	Elisa Charters
Secretary	Suzette Rodriguez
Assistant Secretaries	Steve Fillebrown Carole Conover (vacant)
Treasurer	Dr. Munr Kazmir
Assistant Treasurer	(vacant)

Authority Finance Committee

Chairman	Dr. Munr Kazmir
Members	Dr. Munr Kazmir Elisa Charters Suzette Rodriguez
Alternate Member	(vacant)

Authority Evaluation Committee

Members	Dr. Munr Kazmir Elisa Charters Suzette Rodriguez
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Mr. O'Neill also nominated the ex-officio Members from the Department of Health and Department of Banking and Insurance – or their designees – and a representative from Treasury to serve on the Audit Committee.

According to the Authority's enabling legislation, Mary O'Dowd, as Commissioner of Health, will remain as Chair.

Ms. Charters asked if there was a second to Mr. O'Neill's motion. Mr. Lovell seconded the nominations. The vote was unanimous and the motion carried.

Ms. Charters noted that the term of the Authority's elected officers will begin immediately following the Governor's ten-day veto period, barring any veto notification from the Governor's Office.

AB RESOLUTION NO. 00-59

WHEREAS, with respect to the Authority's elected official positions, one of the three Assistant Secretary roles and the role of Assistant Treasurer will remain vacant and may be filled at a later date with the appointment of new Authority Members,

NOW, THEREFORE, BE IT RESOLVED, that the following individuals are hereby elected to serve in the official positions noted until May 26, 2016, or until the next election of officers:

Vice Chair – Elisa Charters
Secretary – Suzette Rodriguez
Assistant Secretaries – Steve Fillebrown and Carole Conover
Treasurer – Dr. Munr Kazmir

BE IT FURTHER RESOLVED, that the Authority's Finance Committee will be chaired by Dr. Munr Kazmir, with Elisa Charters and Suzette Rodriguez serving as committee members.

BE IT FURTHER RESOLVED, that the Authority's Evaluation Committee will include Dr. Munr Kazmir, Elisa Charters and Suzette Rodriguez as committee members.

BE IT FURTHER RESOLVED, that the Authority's Audit Committee consists of the ex-officio Members from the Department of Health and Department of Banking and Insurance – or their designees – and a representative from Treasury.

b. 2015/2016 Calendar

Ms. Charters referenced a proposed list of dates on which to conduct meetings of the Authority and its Finance Committee for the coming year. Dr. Kazmir offered a motion to adopt the schedule; Ms. Rodriguez seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. OO-60

NOW THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the following schedule of dates on which to conduct meetings of the Finance Committee and the Authority; and,

BE IT FURTHER RESOLVED, that, as provided by the provisions of the Open Public Meetings Act and the Authority's By-laws, the Assistant Secretary is authorized to provide notice of these meeting dates to the Authority's designated newspapers, to post notice in the Authority offices and on the Authority's website, and provide notice to the Secretary of State:

FINANCE 10:00 a.m.	AUTHORITY* 10:00 a.m.
2015	2015
Tuesday, June 9	Thursday, June 25
Tuesday, July 7	Thursday, July 23
Tuesday, August 11	Thursday, August 27
Tuesday, September 8	Thursday, September 24
Wednesday, October 7	Thursday, October 22
Wednesday, November 4	Thursday, November 19
Tuesday, December 1	Thursday, December 17
2016	2016
Tuesday, January 12	Thursday, January 28
Tuesday, February 9	Thursday, February 25
Tuesday, March 8	Thursday, March 24
Tuesday, April 12	Thursday, April 28
Tuesday, May 10	Thursday, May 26**

*A Finance Committee meeting has also been scheduled immediately following every Authority meeting.

**Annual Meeting

Ms. Charters noted for the record that, unless advertised to the contrary, all meetings are open to the public and shall be held in the Authority's office on the fourth floor of Building #4, Station

Plaza, South Clinton Avenue, Trenton, New Jersey. She added that the Authority's staff will perform the required public announcement and notification of the meeting dates once the Governor's ten-day veto period has passed.

6. 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 thanked the Authority Members and Senior Staff for timely filing their Financial Disclosure Statements with the State Ethics Commission by May 15, 2015.
2. The latest Hospital Performance Report issued by the New Jersey Department of Health indicates that patients in New Jersey hospitals are less likely to contract an infection or suffer a preventable injury than in other hospitals around the country. The report, based on 2012 discharge data, also shows that hospital errors in New Jersey were down 30% from 2009. The full report can be found on the Department of Health's website.
3. Hospital & Other News
 - a. Hackensack University Health Network has entered into a definitive agreement to merge with Meridian Health. Pending regulatory approvals, the merger will create the largest health system in New Jersey.
 - b. Commissioner O'Dowd approved the Certificate of Need for Atlantic Health System to purchase Hackettstown Regional Medical Center. The sale is still required to go through the CHAPA approval process by the Attorney General's office before it can be completed.
 - c. Commissioner O'Dowd also approved the Certificate of Need application for Prime Healthcare Services acquisition of Saint Clare's Hospitals in Denville and Dover as well as other ambulatory facilities. This sale is also still required to go through the CHAPA approval process by the Attorney General's office before it can be completed.
 - d. The CN and CHAPA application for the sale of St. Michael's Medical Center to Prime Healthcare Services have not yet been declared complete.

- e. Valley Health System has entered into a ten-year lease for nearly 74,000 square feet of space in Paramus near a 15-acre site Valley acquired last year. The site will be used for doctors' offices as well as the development of new clinical and preventive medicine and wellness programs.
- f. Holy Name Medical Center has been named a "Best Place to Work in New Jersey" by NJBIZ magazine.
- g. The U.S. News & World Report named Hackensack University Medical Center and Morristown Medical Center as two of 34 "Best Hospitals for Common Care," for high performance in all five areas: hip replacement, knee replacement, heart bypass surgery, congestive heart failure and chronic obstructive pulmonary disease. University Medical Center of Princeton was one of six hospitals that do not perform heart bypass surgery but were recognized for their high performance in the other four conditions.
- h. An article is being provided today that lists the longest emergency room waiting times. The three longest waiting times were at the Newark hospitals.
- i. The Leapfrog Group's "Hospital Safety Scores" for all New Jersey hospitals is also being provided today.
- j. Moody's has assigned a rating of "A1" to \$200 million in taxable bonds issued by Atlantic Health System in May. Moody's also affirmed the "A1" rating on the \$440 million of bonds issued by the Authority on behalf of Atlantic Health System. The outlook is stable.
- k. A number of articles are being provided today that give reactions to the Navigant report on health care services in greater Newark.
- l. A bill to limit out-of-network charges by hospitals and other health care providers was introduced in the New Jersey Legislature on May 14. A number of articles on the bill and reaction to it are being provided today.
- m. Additional articles are being provided today on: (i) the trend of universities breaking away from academic medical centers; (ii) a Kaiser Family Foundation study showing the positive effect of Medicaid expansion on hospitals; (iii) challenging assumptions on the differences between for-profit and not-for-profit hospitals; (iv) how the success of federal government's Pilot Accountable Care Organization will be incorporated in the larger Medicare shared savings Accountable Care Organization that now involves more than 400 health care organizations, including more than 12 in New Jersey; (v) a study performed by

the Harvard School of Public Health indicating that patients are not hurt when their hospital closes; (vi) enrollment in Medicaid and CHIP up 20.3%; (vii) almost 17 million people gained health coverage under the Affordable Care Act; (viii) a report from the Government Accountability Office finding that 5% of Medicaid patients run up nearly half of all Medicaid costs; (ix) the increased risk of procedures at hospitals that do a low volume of those procedures; (x) the effects of the increasing popularity of high-deductible health care plans on patients seeking treatment and hospitals' bad debt; and (xi) safety net hospitals' concerns about cuts to the Medicare Disproportionate Share Hospital payment program that is part of the Affordable Care Act.

4. Authority News

- a. The Authority is very pleased to welcome Nino McDonald as our new Database Analyst. Nino was previously a Health Information Management Analyst at Cooper University Hospital.
- b. The Authority is also very pleased to welcome John Johnson as the Authority's new Network Administrator. John worked as the Manager of Systems and Network Administrator at Dataram Corporation in Princeton from July 1975 until January of this year.

As there was no further business, following a motion by Dr. Kazmir and a second by Mr. O'Neill, the Members voted unanimously to adjourn the meeting at 10: 22 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
MAY 28, 2015.

Carole A. Conover, Assistant Secretary