

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on February 25, 2016 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

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

Alison Gibson (Chairing), Designee of the Commissioner of Health; Jessica Feehan, Designee of the Commissioner of Human Services; and, via telephone, Dr. Munr Kazmir, Public Member; Suzette Rodriguez, Public Member

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

Mark Hopkins, Steve Fillebrown, Ron Marmelstein, Michael Ittleson, Carl MacDonald, Bill McLaughlin, Jessica Lucas, Frank Troy, John Johnson, Marji McAvoy, Ellen Lieber; Nino McDonald, Bernie Miller, Sue Tonry and Chris Kniesler

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

Cliff Rones, Attorney General's Office; Lisa LaBoeuf, Governor's Authority Unit; Robert Palermo, Vice President Finance for Meridian Health System; Chris Bailey and Christian Casteel, Office of Property Management and Construction; Eric Kaufman Assistant CFO, Department of Human Services; Karen Smith and Wayne Martorelli, Department of Treasury, Division of Property Management and Construction; Dorit Kressel, Chiesa Shahinian & Giantomasi; John Kelly, Wilentz, Goldman and Spitzer; Scott Kobler, McCarter English; Kavin Mistry, Attorney General's Office, Sandra Lane, Health Professional Allied Employees Union

CALL TO ORDER

Executive Director Mark Hopkins called the meeting to order at 10:04 a.m. and announced that this was a regular Meeting of the Authority, held in accordance with the schedule adopted at the May 28, 2015 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.

Mr. Hopkins recommended that in the absence of the Chair and the Vice Chair, that a Chair pro tem should be named. Ms. Feehan nominated Alison Gibson to serve as Chair pro tem for the February 25, 2016 meeting and Dr. Kazmir seconded. All Members voted in the affirmative and the motion carried.

1. APPROVAL OF MINUTES

a. January 28, 2016 Authority Meeting

Minutes for the Authority's January 28, 2016 Authority meeting were distributed for review prior to the meeting. Ms. Gibson asked for a motion to approve the minutes. Ms. Feehan made the motion. Ms. Rodriguez seconded. All Members voted in the affirmative and the minutes were approved.

2. CONTINGENT BOND SALE Meridian Health System

Ms. Gibson called on Carl MacDonald to present the Members with the details of the contingent bond sale on behalf of Meridian Health System.

Mr. MacDonald began by introducing Robert Palermo, Vice President of Finance for Meridian Health System

Following the introduction, Mr. MacDonald informed the Members that they are being requested to approve of a contingent sale of bonds on behalf of the Meridian Health System Obligated Group. Proceeds of the proposed Series 2016A Bonds will be used to currently refund Meridian Health System's Series 2012A, Series 2012B and Series 2012C bonds.

Mr. MacDonald stated that the Series 2016A Bonds will be privately placed with Banc of America Public Capital Corp. and will be structured as a variable rate obligation with the interest rate being reset on a monthly basis. The indicative interest rate for this transaction is currently 2.0%. Although the Series 2016A Bonds will have a final maturity date of no later than July 1, 2038, Banc of America Public Capital Corp will have an option, commencing 10 years after their date of issuance, to tender the Series 2016A Bonds for purchase at a price equal to the principal amount thereof plus accrued interest.

Mr. MacDonald said that no disclosure document is being prepared in connection with this transaction and, as a result, Banc of America Public Capital Corp. has agreed to provide the Authority with an executed Travelling Investment Letter on the date of Closing.

Mr. MacDonald stated that John Kelly of Wilentz, Goldman & Spitzer, P.A., the Bond Counsel would present the Bond Resolution pertaining to this transaction. He said that following Mr. Kelly's presentation, either he or Mr. Palermo would address any questions or concerns the Members may have.

BOND RESOLUTION

John Kelly of Wilentz, Goldman & Spitzer, P.A., the Bond Counsel, stated that the Bond Resolution authorizes the issuance of the Series 2016A Bonds in an aggregate principal amount not in excess of \$131.5 million and provides that the Series 2016A Bonds shall have a final

maturity date of no later than July 1, 2038. The Bond Resolution also provides that the Series 2016A Bonds shall initially bear interest at a rate not to exceed 5.00% per annum, and thereafter will bear interest at a rate per annum not to exceed the maximum rate allowable by law as outlined in the Trust Agreement. The Series 2016A Bonds will be subject to redemption prior to maturity as set forth therein, provided, that the redemption price cannot be greater than 105%. The Series 2016A Bonds will be secured by payments made by Meridian Hospitals Corporation and Meridian Nursing and Rehabilitation, Inc. under the Loan Agreement with the Authority. The obligations of Meridian Hospitals Corporation and Meridian Nursing and Rehabilitation, Inc. under the Loan Agreement with the Authority will be evidenced and secured by a Note issued by Meridian Hospitals Corporation and Meridian Nursing and Rehabilitation, Inc. (which are currently the only two members of the Meridian Obligated Group) pursuant to the provisions of the Meridian Master Trust Indenture and by amounts on deposit in certain funds held by the Bond Trustee pursuant to the Trust Agreement. The Note to be issued pursuant to the Master Trust Agreement will be secured by a gross receipts pledge of the Meridian Obligated Group.

The Bond Resolution also approves the form of and authorizes the execution of a Direct Bond Purchase Agreement with Banc of America Public Capital Corp. for the purchase of the Series 2016A Bonds. The Direct Bond Purchase Agreement must be executed prior to the 5:00 p.m. (local New Jersey prevailing time) on May 25, 2016. No disclosure document is being prepared in connection with the issuance of the Series 2016A Bonds and, as a result, the Bond Resolution also requires the purchaser of the Series 2016A Bonds to provide the Authority with a travelling investor letter on or prior to the date of Closing.

Additionally, the Bond Resolution approves the form of and authorizes the execution and delivery of (i) the Trust Agreement, (ii) a Calculation Agent Agreement, pursuant to which Bank of America, N.A. will act as the Calculation Agent for the Series 2016A Bonds, and (iii) the Loan Agreement. Further, the Bond Resolution appoints Bank of New York Mellon as Bond Trustee, Bond Registrar and Paying Agent for the Series 2016A Bonds. In addition, the Bond Resolution also 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 Loan Agreement, the Trust Agreement, the Calculation Agent Agreement, the Direct Bond Purchase Agreement, the completion of the refunding of the Series 2012A, B and C Bonds, and the issuance and sale of the Series 2016A Bonds.

Ms. Gibson asked if the Members or the public had any question and there were none.

Ms. Gibson asked the Members' pleasure with respect to the adoption of the Resolution approving the contingent bond sale on behalf of Meridian Health System. Dr. Kazmir made the motion. Ms. Feehan made the second. The vote was unanimous and the motion passed.

Mr. Palermo thanked the Authority Members and the working group for another well-run transaction on behalf of Meridian Health System.

AB RESOLUTION NO. PP-45

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, MERIDIAN HEALTH SYSTEM OBLIGATED GROUP ISSUE, SERIES 2016A.

(attached)

3. NEGOTIATED SALE REQUEST Inspira Health Network

Ms. Gibson called on Mark Hopkins to present the negotiated bond sale request on behalf of Inspira Health Network.

Mr. Hopkins advised the Members that this presentation is a request to proceed with the use of a negotiated sale for the proposed tax-exempt financing for the Inspira Health Network (“Inspira”).

Mr. Hopkins stated that Inspira has signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing of approximately \$190 million. The proceeds of the transaction will be used to: refund all of the NJHCFFA issued South Jersey Hospital Series 2006 Bonds; refund all of the NJHCFFA issued Underwood Memorial Hospital Series 2008 Bonds; fund a debt service reserve fund, if required; and, pay the related costs of issuance. Mr. Hopkins said this is expected to be the first of two (2) tax-exempt bond financings on behalf of Inspira over the next twelve months or so. The second transaction is expected to be used for the construction of a replacement hospital.

According to Mr. Hopkins, Inspira Health Network is a 501(c)(3) not-for-profit organization formed in 2012 by the merger of South Jersey Health System and Underwood Memorial Health System. The Network is now comprised of three (3) acute care hospitals and four (4) multi-specialty health centers. The hospitals are: Inspira Medical Center Vineland, a 276-bed facility in Cumberland County; Inspira Medical Center Elmer, a 96-bed facility in Salem County; and Inspira Medical Center Woodbury, a 305-bed facility in Gloucester County.

Mr. Hopkins informed the Members that the Authority currently has five (5) active bond financings with Inspira totaling nearly \$450 million. The issues consist of the following bond issues: originally issued on behalf of South Jersey Hospital Series 2004 A-4 COMP issue, of which approximately \$11 million remains outstanding; the South Jersey Hospital Series 2006 Bonds, with approximately \$138 million outstanding; and, the Underwood Memorial Hospital Series 2008 Bonds, with approximately \$49 million outstanding. In addition to the tax-exempt bonds, Inspira has \$16.9 million of debt outstanding in the Authority’s Capital Asset Program.

Mr. Hopkins reported that the audited financial statements from 2014 indicate that Inspira had an excess of revenues over expenses of \$53.179 million compared to \$21.268 million for the same period of 2013. Excluding bassinets, Inspira has 417 licensed beds and is currently rated “A2” by Moody’s. Based on audited numbers for year-end 2014, Inspira has over 379 days cash on hand, an operating margin of 9.63% and debt service coverage of 5.66 times, all well above state medians for the respective categories. Unaudited year-to-date performance for the period ending December 31, 2015, indicates improvements in each of the afore-mentioned categories.

In addition, Inspira’s Annual Inpatient Utilization Trends for the period ended December 31, 2015 are steady. Licensed beds remained at 417, while inpatient days, inpatient admissions, occupant rates and average length of stay were down slightly.

Mr. Hopkins stated that Inspira has asked that the Authority permit the use of a negotiated sale based on: the sale is of complex credit, large issue size and market volatility. Mr. Hopkins said that these reasons are considered under the Authority’s policy regarding Executive Order #26, to be justifications for the use of a negotiated sale.

Mr. Hopkins then recommended the consideration of the resolution approving the use of a negotiated public offering and the forwarding a copy of the justification in support of said resolution to the State Treasurer.

According to Mr. Hopkins, Inspira is currently conducting competitive processes to name a senior managing underwriter for the bonds. Amongst the criteria used in making this selection are; price, financial strength of the institution and knowledge of the marketplace.

Mr. Hopkins said that the law firm of Wilentz, Goldman & Spitzer will be serving as bond counsel.

Mr. Hopkins offered to answer any question the Members had on the resolution. There were no questions from the Members.

Ms. Gibson asked the Members' pleasure with respect to the adoption of the Resolution approving the negotiated sale of bonds on behalf of Inspira Health Network. Dr. Kazmir made the motion. Ms. Feehan made the second. The vote was unanimous and the motion passed.

AB RESOLUTION NO. PP-46

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

(attached)

4. AMENDMENT OF PROJECT DESCRIPTION Greystone Park Psychiatric Hospital & Marlboro Psychiatric Hospital

Ms. Gibson called on Jessica Lucas to explain the proposed amendments to the Project Description for the Greystone Park Psychiatric Hospital and Marlboro Psychiatric Hospital projects.

Ms. Lucas began by introducing the stakeholders in attendance: Eric Kaufman Assistant CFO, Department of Human Services; Karen Smith, Deputy Director of Design and Construction and Wayne Martorelli, Assistant Deputy Director, Department of Treasury, Division of Property Management and Construction; Chris Bailey and Christian Casteel, Office of Property Management and Construction and Dorit Kressel, bond counsel to the transaction from Chiesa, Shahinian & Giantomasi.

Ms. Lucas reminded the Members that, in April 2013, the Authority issued the Department of Human Services Lease Revenue Bonds (Greystone Park Psychiatric Hospital Project) Series 2013A in a principal amount of \$50,730,000. The bonds were issued for the purpose of financing the costs of the completion of the demolition and remediation of the former psychiatric facilities in Morris County, New Jersey.

Simultaneously, the Authority issued the Department of Human Services Lease Revenue Bonds (Marlboro Psychiatric Hospital Project) Series 2013 in a principal amount of \$70,530,000. The bonds were issued for the purpose of financing the costs of the demolition and remediation of the existing facilities at or related to Marlboro in Monmouth County, New Jersey and the construction of group housing.

Ms. Lucas said that the Department of Human Services has requested Staff to recommend the approval of the amendments to the bond documents to authorize the expenditure of proceeds of the Greystone 2013A Bonds and Marlboro 2013 Bonds to include certain other capital improvement projects of the Department of Human Services which are permitted to be financed by the Authority pursuant to the respective bond documents and the Act.

According to Ms. Lucas, the Division of Property Management and Construction, who provides the project oversight for both Greystone and Marlboro, have indicated that approximately \$17.8 million remain to be spent in order to complete the existing Greystone project and \$25.6 million remain to be spent in order to complete the existing Marlboro project as detailed in 2013. The remaining excess proceeds would then be utilized for the additional items included on the Schedule I provided in the Members' packages and also on the table today.

Ms. Lucas reported that the Attorney General's office and the Treasurer's office have reviewed the documents that were provided to the Members and have no objection to the Authority's consideration of this matter.

Ms. Lucas said that Staff recommends that the Supplemental Resolutions, Supplemental Indentures, Amendments to the respective Sublease and Agreements, and the respective

Memorandums of Agreement between the Authority and the Department of Human Services be approved.

Ms. Lucas then offered to answer any question the Members might have. There were no questions from the Members.

Mr. Hopkins clarified for the Members that there is approximately \$48.4 million left over and that projects on the list presented to the Members total \$43.4 million. Bond Counsel Dorit Kressel confirmed those amounts.

Ms. Gibson asked the Members' pleasure with respect to the adoption of the Resolution approving the proposed Amendment to Project Description for the Department of Human Services Lease Revenue Bonds (Greystone Park Psychiatric Hospital Project) Series 2013A. Dr. Kazmir made the motion. Ms. Feehan made the second. The vote was unanimous and the motion passed.

AB RESOLUTION NO. PP-47

WHEREAS, the Members of the Authority have reviewed the memorandum dated February 17, 2016, regarding the Amendment of Project Description for the Department of Human Services Lease Revenue Bonds (Greystone Park Psychiatric Hospital Project) Series 2013A.

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves a resolution to adopt the proposed Amendment to Project Description for the Department of Human Services Lease Revenue Bonds (Greystone Park Psychiatric Hospital Project) Series 2013A.

(attached)

Ms. Gibson asked the Members' pleasure with respect to the adoption of the Resolution approving the proposed Amendment of Project Description for the Department of Human Services Lease Revenue Bonds (Marlboro Psychiatric Hospital Project) Series 2013. Dr. Kazmir made the motion. Ms. Feehan made the second. The vote was unanimous and the motion passed.

AB RESOLUTION NO. PP-48

WHEREAS, the Members of the Authority have reviewed the memorandum dated February 17, 2016, regarding the Amendment of Project Description for the Department of Human Services Lease Revenue Bonds (Marlboro Psychiatric Hospital Project) Series 2013.

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves a resolution to adopt the proposed Amendment of Project Description for the Department of Human Services Lease Revenue Bonds (Marlboro Psychiatric Hospital Project) Series 2013.

(attached)

5. DEBT MANAGEMENT PLAN FOR 2016

Ms. Gibson called upon Bill McLaughlin to present the Authority's Debt Management Plan for 2016.

Mr. McLaughlin informed the Members that, under Executive Order No. 26 (Whitman), the Authority is required to prepare an annual Debt Management Plan and submit it to the State Treasurer. The Authority's Plan for 2016 reflects financings which were completed during 2015 and identifies three (3) bond financings that are anticipated for 2016, along with a description of each project, the anticipated date of sale and issue size, security, ratings and a proposed method of sale.

According to Mr. McLaughlin, the Debt Management Plan anticipates the Authority entering into additional leases with Barnabas Health under their existing Master Lease Program up to the remaining balance of \$30 million in the coming year. To date, Barnabas Health is the only hospital system that has taken advantage of the master leasing program.

Mr. McLaughlin said that the proposed plan excludes Capital Asset Program (CAP) loans, since these transactions do not involve the issuance of new debt.

Mr. McLaughlin reminded the Members that, as in prior years, the total volume for 2016 is subject to change, depending upon market conditions and borrowers' preferences. Mr. McLaughlin then requested the approval of the proposed plan and authorization to submit it to the Treasurer.

Ms. Gibson asked the Members' pleasure with respect to the adoption of the Resolution approving the Authority's Debt Management Plan and forwarding said Plan to the State

Treasurer. Dr. Kazmir made the motion. Ms. Feehan made the second. The vote was unanimous and the motion passed.

AB RESOLUTION NO. PP-49

WHEREAS, the Members of the Authority have reviewed the memorandum dated February 17, 2016 regarding the 2016 Debt Management Plan.

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves a motion to adopt the proposed 2016 Debt Management Plan and submit it to the Treasurer in accordance with the requirements of Executive Order No. 26.

(attached)

6. AUTHORITY EXPENSES

Ms. Gibson 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. Feehan seconded the motion. All Members voted in the affirmative and the motion carried.

AB RESOLUTION NO. PP-50

WHEREAS, the Members of the Authority have reviewed the memoranda dated February 17, 2016, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of \$46,887.00 and \$7,265.34 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. Gibson thanked Staff for the Project Development Summary, Cash Flow Statement and Legislative Advisory reports.

Ms. Gibson then asked Executive Director Hopkins to present his Executive Director's report.

Mr. Hopkins then presented the following items to Members:

1. Mr. Hopkins began by thanking the Authority Members for timely filling their “Personal and Business Relationships Disclosure Forms” and their “Annual Outside Activity Questionnaires.”
2. Hospital & Other News
 - a. On February 4th the State Health Planning Board heard the application for the sale of St. Michael’s Medical Center to Prime Healthcare Services and recommended that the Commissioner of Health approve the application. The Commissioner has 120 days to act on their recommendation.
 - b. In the Governor’s budget address earlier this month he indicated his budget will include a \$150 million reduction in charity care, from \$502 million to \$352 million, because hospitals are delivering significantly less charity care, mostly as a result of more patients being covered under the Affordable Care Act through both Medicaid and private insurance. The Governor’s budget, however, also includes an increase in Graduate Medical Education funding of \$20 million from the State which will trigger an additional match of \$40 million from the federal government.
 - c. Tiered insurance networks continue to be in the news with: (i) an article by President and CEO of the New Jersey Health Care Quality Institute discussing the pros and cons of the tiered networks; (ii) Aetna and Meridian’s co-branded tiered network; (iii) Horizon suing Holy Name and Valley over advertising they have done that allegedly “damage[s] Horizon as well as its business reputation”; (iv) an open letter to the Governor from over 200 signatories, including three former Governors and a State Senator, contending that the Horizon Omnia plan would “erode the bedrock of New Jersey’s healthcare marketplace”; (v) a request from three lawmakers to have Horizon further explain its criteria and rationale for Omnia; and, (vi) the continuation of the lawsuit brought by several hospitals who were not named to Omnia’s Tier One.
 - d. A number of municipalities have said that they will seek to impose property taxes on hospitals. This is a result of Morristown’s successful litigation against Morristown Medical Center for property taxes. Last session, the legislature had passed an act recognizing that nonprofit hospitals should be exempt from local property taxes but requiring them to make community service contributions of \$2.50 per licensed bed per day plus \$250 per day for satellite emergency departments. The hospital association favored the legislation but municipalities voiced concerns. Ultimately, Governor Christie pocket vetoed it. The legislation has been reintroduced this session with the hopes of working with the Governor to amend it. Mr. Hopkins also noted that he learned today that Senator Vitale sponsored an alternative bill which would base property tax exemptions on each hospital’s provision of community benefit.

- e. The Rowan University Board voted to approve the sale of land owned by Rowan in Harrison Township to Inspira Health System so Inspira can build a new hospital to replace its Woodbury hospital. The vote had been delayed from a January 6th Rowan board meeting when Joe Devine, the CEO of Kennedy Health System, objected to Rowan's proposal to sell the property to Inspira because the site is only six miles from Kennedy's Washington Township hospital campus.
- f. Rowan also announced plans to explore opening a satellite campus of its School of Osteopathic Medicine in Atlantic City in coordination with AtlantiCare Regional Medical Center. The existing campus of Rowan's School of Osteopathic Medicine is on Kennedy Health System's Stratford campus.
- g. A ribbon cutting was held on February 1st for St. James Federally Qualified Health Center to be located in the former building of St. James Hospital in Newark. Attendees included US Senators Menendez and Booker along with Congressmen Sires, Payne and Pallone, State Senator Ruiz, Essex County Executive DiVincenzo, Mayor Baraka and several Newark council members.
- h. CentraState Healthcare Partners has joined the Partners in Care ACO. The 50 physicians from CentraState increase the Partners in Care ACO to a total of 550 medical professionals spanning 52 medical practices and serving over 15,000 Medicare patients in New Jersey.
- i. In hospital personnel moves:
 - i. David Tilton, President and CEO of AtlantiCare Regional Medical Center, has announced his retirement effective June 30, 2016.
 - ii. On March 1st, Glenn Zirbser will become CFO at Kennedy Health System. He had previously been CFO at Princeton Health System. Princeton has named Gui Valladares as Interim CFO. Kennedy's previous CFO, Gary Terrinoni left in November to become CEO at Brooklyn Hospital Center.
 - iii. Dr. Ihor Sawczuk will succeed Robert Garrett as President and CEO of Hackensack University Medical Center on April 4. Mr. Garrett will remain as President and CEO of the parent Hackensack University Health Network. Dr. Sawczuk, who has been at Hackensack for over 15 years, not only worked as a physician at Hackensack, but also served as Executive Vice President, Chief Medical Officer, Vice President of Academic Affairs and Chairman of the Department of Urology.
 - iv. Seton Hall University and Hackensack University Health Network announced Dr. Bonita Stanton will be the founding dean of their school of medicine, starting next month. Dr. Stanton was the Dean of Research at Wayne State University School of Medicine.

- v. Chilton Medical Center has named Stephanie Bloom as its new President and Vice President of parent Atlantic Health System. She had previously served as President and CEO of Barnabas' Community Medical Center in Toms River before joining Chilton.
- j. Moody's Investors Service has affirmed the Baa2 rating of \$106.9 million Authority bonds issued on behalf of Holy Name Medical Center. The outlook remains stable.
- k. Other articles on New Jersey health care being provided today include:
 - i. health care coverage reaching record highs in New Jersey at almost 90 percent of the population with much of the increase in coverage due to the expansion of Medicaid eligibility;
 - ii. how home health services and private duty agencies are reducing hospital readmissions;
 - iii. a NJHA study showing nursing homes contribute \$5.4 billion to New Jersey's economy
 - iv. the continued growth of urgent care centers;
 - v. how bonuses for doctors from health insurers are improving outcomes and reducing costs.
- l. Other articles about national health care issues include:
 - i. how safety net hospitals are suffering from the three big Medicare incentive programs, i.e. readmissions, hospital acquired conditions and value-based purchasing; and,
 - ii. hospitals added nearly 24,000 jobs in January.
- m. In securities and IRS news, articles are included on:
 - i. the increase in municipal bond disclosure attributed to the SEC's Municipalities Continuing Disclosure Cooperation Initiative which encouraged issuers, borrowers and underwriters to voluntarily come forward with any failures to comply with continuing disclosure requirements or provide notice of those failures in official statements;
 - ii. 14 underwriters who settled violations of continuing disclosure requirements under the leniency provisions of MCDC; and,

- iii. the IRS proposed rule to change the definition of what makes a political subdivision eligible to issue tax exempt bonds.

3. Authority News

- a. Sue Tonry has returned to the Authority as the temporary Compliance Manager while Taryn Rommel is on maternity leave.
- b. Taryn Rommel, the Authority's Compliance Manager, delivered her second daughter, Charlee, on Sunday, February 21st at 3:05 a.m. Charlee weighed in at 10 pounds 4 ounces and was 21¼ inches long. Congratulations to Taryn, her husband Randy and big sister MiKayla.
- c. The retirement dinner for Steve Fillebrown has been set for Thursday, March 31st at 6:00 p.m. at the Mercer Oaks Golf Course in Princeton Junction. Please see Mark, Ron or Frank for details.

8. EXECUTIVE SESSION

Ms. Gibson asked for a motion to go into Executive Session to receive legal advice and discuss contractual negotiations and potential litigation regarding St. Michael's Medical Center.

Dr. Kazmir made the motion. Ms. Feehan seconded. The vote was unanimous and the motion passed. As permitted by the Open Public Meetings Act and the Authority's By-Laws, the Members met in Executive Session to discuss potential litigation and contractual negotiations and receive legal advice regarding St. Michael's Medical Center. Ms. Gibson stated that the discussions in Executive Session would be made public when the need for confidentiality no longer exists.

The Members went into Executive Session at 10:42 a.m.

AB RESOLUTION NO. PP-51

NOW, THEREFORE, BE IT RESOLVED, that, as permitted by the Open Public Meetings Act and the Authority's By-laws, the Authority meet in Executive Session to receive legal advice and discuss contractual negotiations and potential litigation regarding St. Michael's Medical Center;

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

The Members went back into public session at 10:52.

Hearing no further business, following a motion by Dr. Kazmir and a second by Ms. Rodriguez, the Members voted unanimously to adjourn the meeting at 10:54 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
FEBRUARY 25, 2016.

Stephen M. Fillebrown, Assistant Secretary