Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on April 27, 2006 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, New Jersey.

The following **Authority Members** were in attendance:
Fred M. Jacobs, M.D. (Chairman), Commissioner of Health and Senior Services; Moshe Cohen, Ph.D., Public Member; Freida Phillips, designee of the Commissioner of Human Services; and, Maryann Kralik, designee of the Commissioner of Banking and Insurance.

The following **Authority staff members** were in attendance:
Mark Hopkins, Dennis Hancock, Steve Fillebrown, Susan Tonry, Michael Ittleson, Suzanne Walton, Ron Marmelstein, Marji McAvoy, Lou George, Carole Conover, Bill McLaughlin, Andreea Milosevici, Ronald Marmelstein, and Stephanie Bilovsky.

The following **representatives from State offices and/or the public** were in attendance:
Edward Tetelman, Department of Health and Senior Services; Gregory Adams, Holy Name Hospital; Maryann Kicenuik, Esq., Windels Marx Lane & Mittendorf; Joseph Coyle, Richard Hand, Southern Ocean County Hospital; John Draikiwicz, Esq., Gibbons, Del Deo, Dolan, Griffinger & Vecchione; Robert Segin, Gerry Lowe, Robert Osler, Virtua Health, Inc.; Kerry Morgan, Howard Eichenbaum, Gluck, Walrath; Jack Swire, Kari Fazio, Wachovia Bank; Victor Chu, UBS Financial Services; Kay Fern, Evergreen Financial Services; and, Clifford T. Rones, Deputy Attorney General.

CALL TO ORDER

Dr. Jacobs called the meeting to order at 10:05 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 26, 2005 Authority meeting. In accordance with the provisions of 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*, far enough in advance to permit the publication of an announcement at least 48 hours before the meeting.

APPROVAL OF MINUTES

March 23, 2006 Authority Meeting

The minutes for the Authority’s March 23, 2006 meeting were distributed for review and approval. Ms. Phillips offered a motion to approve the minutes; Dr. Cohen seconded. Dr. Jacobs voted yes, Dr. Cohen voted yes, Ms. Phillips voted yes, and Ms. Kralik voted yes. The motion carried and the minutes were approved.

TEFRA AND CONTINGENT BOND SALES

Dr. Jacobs stated that, as required by the Tax Reform Act of 1986, the following portion of the meeting is considered a public hearing in connection with the Authority's proposed financings on behalf of Holy Name Hospital, Southern Ocean County Hospital, and Virtua Health, Inc. He welcomed everyone to participate in the discussion, but first asked Bill McLaughlin to report on the status of the Holy Name Hospital transaction.

Holy Name Hospital

Bill McLaughlin introduced Gregory Adams, Senior Vice President and Chief Financial Officer of Holy Name Hospital. Following the introduction, Mr. McLaughlin informed the Members that today he would be requesting approval of a contingent sale of bonds on behalf of Holy Name.

The proceeds of the bond transaction will be used: to renovate, expand and equip the Emergency Department at the Hospital; to currently refund the COMP Series 1998 A-4 bonds; to currently refund the COMP Series 2001 A-2 bonds; to refinance certain capitalized leases; to fund the acquisition of capital equipment and other renovations; to fund the Debt Service Reserve; and to fund capitalized interest and to pay related costs of issuance. He stated that the Series 2006 bonds will be sold as fixed rate public offerings and rated solely on the basis of the Hospital's credit. The bonds are expected to be rated "BBB" by Standard & Poor's Corporation and "Baa2" by Moody's Investor Services.

SERIES RESOLUTION

Maryann Kicenuik, Esq., of Windels Marx Lane & Mittendorf, LLP stated that the Series 2006 Resolution authorizes the issuance of the tax-exempt Series 2006 Bonds in an aggregate principal amount, exclusive of original discount, not in excess of $60,000,000 and at a fixed interest rate, with the maximum rate at 6.25%. The bonds will have a final maturity date of no later than July 1, 2036 and be subject to redemption prior to maturity as set forth therein, provided, that the redemption price would be no greater than 101%. The bonds will be secured by payments made by Holy Name Hospital under an Amendment and Supplement to Loan and Security Agreement and Mortgage dated as of March 15, 1997 and Mortgage Consolidation Agreement, dated the date of the closing of the bonds (the "Amendment and Supplement and Mortgage Modification Agreement"). In addition, certain funds and accounts established pursuant to the Authority's Resolutions will serve as additional security.

Additionally, the Series Resolution approves the form of and authorizes the execution of a Bond Purchase Contract prior to close of business on July 26, 2006. The Series Resolution also approves the form of the Bonds, Preliminary Official Statement, Official Statement and Amendment and Supplement and Mortgage Modification Agreement. The Series Resolution confirms the appointment of The Bank of New York as Bond Trustee, Paying Agent and Bond Registrar for the Bonds. In addition, it authorizes the Authorized Officers 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 Bond Purchase Contract and the Amendment and Supplement and Mortgage Modification Agreement and the issuance and sale of the Series 2006 Bonds.

Dr. Jacobs asked the Members' pleasure with respect to the adoption of the Series Resolution proposed on behalf of Holy Name Hospital. Ms. Phillips moved that the resolution be approved. Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-66

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Series Resolution entitled, "A RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS, HOLY NAME HOSPITAL ISSUE, SERIES 2006."

Mr. Hopkins noted that, for an issue of this size, the Authority generally recommends co-managers to serve on the transaction. Staff recommended that JPMorgan Chase, Raymond James & Associates, and Ryan, Beck & Co. be appointed to serve as co-managers for the Holy Name Hospital transaction. Dr. Cohen moved to approve the recommendation. Ms. Phillips seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-67

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby appoints JPMorgan Chase, Raymond James & Associates, and Ryan, Beck & Co. to serve as co-managers for the Holy Name Hospital transaction.

Dr. Jacobs thanked Mr. Adams for attending the meeting.

Southern Ocean County Hospital

Lou George introduced two representatives from Southern Ocean County Hospital ("SOCH"): Joseph Coyle, President and Chief Executive Officer; and Richard Hand, Senior Vice President and Chief Financial Officer. He indicated that SOCH, an acute care hospital located in Manahawkin, would be requesting the Members' approval of a contingent sale of bonds on behalf of SOCH in an amount to yield proceeds not in excess of $25,000,000.

The proceeds will be used to currently refund the hospital's Series A bonds issued in 1993 and to pay the related costs of issuance. The Series A bonds were issued on the credit of the hospital and reflect coupon interest rate between 6.125% and 6.25%. It is projected that, at a variable interest rate of 3.6% and with an extended maturity to 2036, there would be a net present value savings of approximately $2.8 million or 13.5% of the refunded bonds.

Mr. George stated that the transaction will be structured as a variable rate financing secured by a Wachovia Bank direct-pay letter of credit. Under the terms of the Reimbursement Agreement, SOCH will be obligated to reimburse Wachovia for draws on the letter of credit. Amounts on deposit in certain funds held by the trustee pursuant to the trust indenture will provide additional security for the bonds. The bonds are being issued on parity with the 1997 and 2001 bonds that had been issued through the Authority.

The bonds can be issued in a weekly or a term mode and have the ability to be converted to a credit enhanced fixed term rate. The bonds will be issued in $100,000 denominations and integral multiples of $5,000 in excess thereof. Initially, the bonds will be priced in a weekly-mode and although not yet assigned, it is expected that they will reflect the credit rating of the letter of credit, which is "Aa2/VMIG1" from Moody's.

BOND RESOLUTION

John Draikiwicz, Esq., of Gibbons, Del Deo, Dolan, Griffinger & Vecchione stated that the Bond Resolution authorizes the issuance of the tax-exempt Series 2006 Bonds in a principal amount which will yield proceeds not to exceed $25,000,000. Initially the bonds will be issued at a weekly variable interest rate, with the maximum rate not to exceed 6%. The Bonds will have a final maturity date of no later than July 1, 2036 and be subject to redemption prior to maturity as set forth in the Trust Indenture, provided that the redemption price may be no greater than 103%.

The Bond Resolution approves the form of and authorizes the execution of a Bond Purchase Contract prior to close of business on July 26, 2006. In addition, the Bond Resolution approves the form of the Loan Agreement, the Trust Indenture, the Bonds, the Official Statement, the Remarketing Agreement, and the Intercreditor Agreement. Further, the Bond Resolution appoints Wachovia Bank, National Association, as Trustee, Tender Agent, Paying Agent, Bond Registrar and as initial Remarketing Agent. The Bond Resolution also authorizes and directs the Authorized Officers to execute and deliver such other certificates and notices and to take such other action as may be necessary in order to effect the execution and delivery of the documents authorized under the Bond Resolution and the sale and issuance of the Bonds, to implement the DTC book-entry only system for the Bonds and to maintain the tax-exempt status of the Bonds.

Finally, the Authorizing Resolution authorizes certain officers of the Authority to execute a release of properties held under the mortgage if permitted by the related financing documents and approves the form of the Amendment to the 2001 Second Supplemental Mortgage. This amendment allows for fixed rate interest payments to occur at any time in lieu of the currently existing January and July payment dates.

Dr. Jacobs asked the Members' pleasure with respect to the adoption of the Bond Resolution proposed on behalf of SOCH. Ms. Phillips moved that the resolution be approved. Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-68

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Bond Resolution entitled, "RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY VARIABLE RATE REVENUE BONDS, SOUTHERN OCEAN COUNTY HOSPITAL ISSUE, SERIES 2006 AND MAKING FINDINGS AND APPROVING CERTAIN DOCUMENTS WITH RESPECT TO HE INCURRENCE OF PARITY OBLIGATIONS BY SOUTHERN OCEAN COUNTY HOSPITAL."

Dr. Jacobs thanked the representatives of SOCH for attending the meeting.

Virtua Health, Inc.

Mr. George then introduced representatives from Virtua Health, Inc. ("Virtua"): Robert Segin, Vice President and Chief Financial Officer; Gerry Lowe, Vice President of Finance; and Robert Osler, Treasury Director. Virtua is the parent company of Virtua-West Jersey Health System ("West Jersey"), which operates three general acute care hospitals in Berlin, Marlton and Voorhees. Virtua is also the parent company of Virtua-Memorial Hospital Burlington County ("Memorial"), which operates an acute care hospital in Mt. Holly. He indicated that he would be requesting the Members' approval of a contingent sale of bonds on behalf of Virtua, West Jersey, Memorial and their affiliates in a total amount not to exceed $36,000,000.

In addition to covering the related costs of issuance, the proceeds will be used to finance an information technology digitization system at all of the Virtua affiliated hospital locations and support sites.

The transaction is being privately placed with Wachovia Bank and will be structured as a variable rate financing. The bonds will be issued in a weekly mode without credit support or the ability to tender. The gross receipts of Virtua (as borrower) and of West Jersey and Memorial, as guarantors, will be pledged under their respective Master Trust Indentures on a parity basis with existing obligations. The Authority will grant and assign a security interest in its Loan Agreement to the Trustee for the benefit of the purchaser. In addition, failure to maintain 65 days cash on hand and a debt service coverage ratio of 2.0 will require the funding of a springing debt service reserve fund. The purchaser will provide the Authority with a traveling Investment Letter that will provide indemnification to the Authority arising out of the issuance and sale of the bonds. The bonds will be unrated.

BOND RESOLUTION

Kerry Morgan, Esq., of Gluck, Walrath, LLP stated that the Bond Resolution authorizes the issuance of the tax-exempt Series 2006 Bonds in an aggregate principal amount, not in excess of $36,000,000. The bonds will be issued in a weekly mode, with an initial interest rate not to exceed 6% and a final maturity of no later than July 1, 2014. The Bonds will be subject to redemption prior to maturity as set forth in the Trust Indenture and while in the variable rate mode will be subject to a redemption price not exceeding 100%.

The Bond Resolution approves the form of the Bonds, the Loan Agreement, the Trust Indenture, and the assignment of the Loan Agreement. It also appoints the Bank of New York, as Trustee and Bond Registrar. The Bond Resolution authorizes the Authorized Officers to deliver the Series 2006 bonds to the Trustee for authentication and delivery on or before July 26, 2006. Finally, the Bond Resolution authorizes and directs the Authorized Officers to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effect the execution and delivery of the Trust Indenture, the Loan Agreement and the Assignment and the issuance and sale of the Series 2006 Bonds.

Dr. Jacobs asked the Members' pleasure with respect to the adoption of the Bond Resolution proposed on behalf of Virtua. Ms. Phillips moved that the resolution be approved. Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-69

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 REVENUE BONDS, (VIRTUA HEALTH ISSUE, SERIES 2006).

Dr. Jacobs thanked the representatives of Virtua for attending the meeting. He then closed the public hearing required by the Tax Reform Act of 1986 with respect to the Authority's proposed financings on behalf of Holy Name Hospital, Southern Ocean County Hospital, and Virtua Health, Inc.

NEGOTIATED SALE REQUEST

Mark Hopkins reported that Bayonne Medical Center signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing. Bayonne Medical Center is a not for profit organization which operates an acute care hospital in Bayonne, New Jersey, with 278 licensed beds and 15 newborn bassinets. It provides a full range of health care services.

The proceeds of the financing will be used to refund bonds issued by the Authority on behalf of the hospital in 1994 and 1998 at an approximate cost of $43,300,000, and to finance: (i) an upgrade to the hospital's operating rooms and ambulatory surgical services by providing approximately $29,500,000 in new equipment and renovations resulting in a "state of the art" surgical suite; (ii) to reimburse the hospital for previous capital acquisition in an amount of approximately $7,600,000; and, (iii) to fund a debt service reserve fund of approximately $8,000,000. With costs of issuance and other costs, the Medical Center is seeking to finance a total of approximately $90,000,000 through the Authority. The maturity of the bonds is expected to be approximately thirty years.

The Authority issued $35,145,000 and $22,725,000 in bonds on behalf of Bayonne Medical Center in 1994 and 1998, respectively. As of March 31, 2006, $12,950,000 remained outstanding on the 1994 Bonds and $22,725,000 remained outstanding on the 1998 Bonds, totaling $35,675,00. The 1994 and 1998 Bonds are expected to be refunded by the proposed financing. Bonds issued by the Authority on behalf of the Medical Center in 1980 and 1987 are no longer outstanding.

According to the consolidated audited financial statements provided with the Memorandum of Understanding, Bayonne Medical Center generated excess revenues over expenses of approximately $875,000 for the year ended December 31, 2004 and a $1.2 million deficiency of revenue over expenses for the year ended December 31, 2003. Unaudited information for the year ended December 31, 2005 shows excess revenues over expenses of approximately $487,000. Unaudited information for the two months ended February 28, 2006 shows a loss from operations of approximately $83,000.

Mr. Hopkins stated that Bayonne Medical Center asked that the Authority permit the use of a negotiated sale based on its large issue size and because it involves the sale of a poor or complex credit. These reasons are considered justification for the use of a negotiated sale under the Authority's Executive Order #26 policy. He then recommended the consideration of the resolution approving the use of a negotiated sale and the forwarding of a copy of the justification in support of said resolution to the State Treasurer. Ms. Phillips moved that the request for a negotiated sale on behalf of Bayonne Medical Center be approved, also moving that staff forward a copy of the justification in support of said resolution to the State Treasurer. Dr. Cohen seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-70

(attached)

CAPITAL ASSET PROGRAM CREDIT FACILITY EXTENSION

Ronald Marmelstein reminded the Members that the Authority entered into a series of agreements with JPMorgan Chase Bank ("Chase") to provide the necessary credit and liquidity facilities for the Capital Asset Program, Series A-D. The original agreements provided for the facilities to remain in effect for a three-year period subject to one-year extensions from the initial termination date. The Authority has previously taken advantage of that arrangement to request extensions of the termination date through March 25, 2008. Chase has agreed to another one-year extension to March 25, 2009 to restore the agreements to a three-year termination date.

Mr. Marmelstein stated that Ed McManimon, bond counsel assigned to this transaction, prepared the necessary documents as well as an opinion of bond counsel. In addition, the Attorney General's Office reviewed this request with no objection to consideration of the matter. Ms. Phillips moved to approve the one-year extension with JPMorgan Chase Bank, moving the termination date to March 25, 2009 in order to maintain the three-year term on the facilities. Dr. Cohen seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-71

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves a one-year extension to its contract for JPMorgan Chase Bank to provide the necessary credit and liquidity facilities for the Capital Asset Program, Series A-D, thereby moving the termination date to March 25, 2009 in order to maintain the three-year term on the facilities.

RECOMMENDATION OF OFFICE LEASE RENEWAL

Michael Ittleson reminded the Members that the Authority's lease with Nexus Properties expires on September 22, 2006. The expiring lease, originally entered into on September 23, 1996, was for a five-year term with the option to renew for an additional five years at the same rent and same terms and conditions. The Authority and Nexus exercised that option, which went into effect on September 23, 2001. The rental rate for the 10-year period was $17.25 per square foot or $232,616.25 annually. Included in the lease were escalation charges of $2.45 per square foot for base year taxes and $2.71 per square foot for base year operating expenses. The base year period is 1991. The Authority leases 13,485 square feet.

In March, staff entered into discussions with representatives of Nexus regarding the renewal of the Authority's lease. Staff requested the rent roll for the location at 22 South Clinton Avenue, a copy of which had been distributed to the Members. The rent roll showed that the Authority was paying the lowest per square foot of any of tenants. The rates for the other tenants ranged from a low of $18.32 per square foot to a high of $25.50 per square foot. Staff also checked the rental rate at 32 Front Street, which is a new building that was completed earlier this year and has a parking garage adjacent to it. The rental rate quoted was $27.50 per square foot. Staff also checked with the New Jersey Educational Facilities Authority, which rents space on college road in Princeton. Their rental rate is $25.50 per square foot.

In discussions regarding a new rental rate staff told Nexus that raising the rental rate to market would not be acceptable to the Authority. They agreed and proposed that a new lease be entered into for a ten-year period with the first five years at $20 per square foot and the final five years at $21.25 per square foot. The per square foot base year costs would remain at $2.45 for base year taxes and $2.71 for base year operating expenses. Finally, staff also requested, as part of the renewal, the installation of new carpeting, painting, replacement of windows, refurbishment of woodwork and trim, cleaning of the air ducts and upgrades to the rest rooms. Nexus agreed to all of the requests.

Ms. Phillips moved to approve Nexus's proposal and that a new ten-year lease be entered into at $20 per square foot for the first five years and $21.25 per square foot for the last five years upon satisfactory review of the form of the lease by staff and the Attorney General's Office. Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-72

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves a new ten-year lease be entered into with Nexus Properties for the Authority's 22 South Clinton Avenue Office at $20 per square foot for the first five years and $21.25 per square foot for the last five years, upon satisfactory review of the form of the lease by staff and the Attorney General's Office.

AUTHORITY EXPENSES

Dr. Jacobs referred to a summary of Authority expenses and invoices. Ms. Phillips offered a motion to approve the bills and to authorize their payment; Dr. Cohen seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-73

WHEREAS, the Authority has reviewed memoranda dated April 27, 2006, summarizing all expenses incurred by the Authority in connection with FHA Mortgage Servicing, Trustee/Escrow Agent/Paying Agent fees, and general operating expenses in the amounts of $724,485.60, $16,984.30 and $49,405.32 respectively, and has found such expenses to be appropriate;

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves all expenses as submitted and authorizes the execution of checks representing the payment thereof.

STAFF REPORTS

Dr. Jacobs referenced staff reports that were distributed for review, including the Project Development Summary, Interest Rate Trends Graph, Cash Flow Statement, First Quarter Budget Report, and Legislative Advisory. He thanked staff for preparing the reports and turned the floor over to Mr. Hopkins for his Executive Director's Report.

Mr. Hopkins announced the following items:

1. As noted at the March meeting, the IRS selected the 2000 Trinitas financing for examination. The first request for information received from the IRS was responded to in a timely fashion. The Authority received a follow-up request for information from the IRS. After consulting with the Attorney General's office, it was determined that bond counsel should be appointed to oversee the Authority's response to the second IRS information request. As a result, Jim Van Wart requested and received an extension of time to file the response from the original deadline of April 7th to the April 28th. Gluck Walrath has been retained as the Authority's bond counsel in the matter. The Authority's response is expected to be delivered to the IRS tomorrow.
2. Enclosed in the meeting packages were proposed Authority Meeting dates and Finance Committee Meeting dates. The Authority Meeting dates follow the

traditional schedule of the fourth Thursday of the month at 10:00 a.m. The Authority is free to deviate from this traditional schedule if the Members so desire. Please review the proposed dates and times before our next meeting and provide any suggested changes to staff. At the annual May meeting, the Authority adopts the meeting schedule for the following June through May.

3. The Authority also generally elects a slate of officers at its annual meeting in May. A current list of Authority Members along with the offices they currently hold was provided in the mailing package for today's meeting. Please review it and consider which Authority Members to nominate for which offices.

4. The Authority staff received its mandatory ethics training last week from an Ethics Trainer from the State Ethics Commission.

5. A reminder: the financial disclosure required by Governor Corzine's Executive Order #1 is due no later than May 17th, 2006. The Governor would strongly prefer all financial disclosure forms be filed by May 1st. The forms can be obtained from the State Ethics Commission website and can be filled out on-line or printed and mailed in.

Mr. Hopkins finished by giving special recognition to Jim Van Wart, Michael Ittleson, and Carole Conover for their excellent negotiation of the Authority's office lease renewal.

EXECUTIVE SESSION

As permitted by the Open Public Meetings Act and the Authority's By-Laws, the Members voted to meet in Executive Session to discuss personnel and contractual matters, and to receive advice from the Office of the Attorney General. Dr. Jacobs stated that the results of the discussion would be made known at such time as the need for confidentiality no longer existed. Ms. Phillips offered a motion to enter the session; Ms. Kralik seconded it. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-74

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 discuss personnel and contractual matters, and to receive advice from the Office of the Attorney General.

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

Public session reconvened. As there was no further business to be addressed, Ms. Phillips moved to adjourn the meeting, Dr. Cohen seconded. The vote was unanimous and the motion was carried at 10:55 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 ON APRIL 27, 2006.

Dennis Hancock
Assistant Secretary

AB RESOLUTION NO. FF-70

RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY NEGOTIATED TRANSACTION PURSUANT TO EXECUTIVE ORDER NO. 26

Bayonne Medical Center

WHEREAS, the New Jersey Health Care Facilities Financing Authority (the "Authority") was duly created and now exists under the New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c. 29, N.J.S.A. 26:2I-1 et seq., as amended (the "Act"), for the purpose of ensuring that all health care organizations have access to financial resources to improve the health and welfare of the citizens of the State; and,

WHEREAS, the Authority issues its bonds from time to time for the achievement of its authorized purposes; and

WHEREAS, on October 25, 1994, the Governor issued Executive Order No. 26 which sets forth procedures by which an issuer may determine the method of sale of bonds or notes; and,

WHEREAS, on December 8, 1994, the Authority adopted Section 2 of its policy which was developed to implement Executive Order No. 26, which requires an Authority resolution to pursue a negotiated sale of bonds; and,

WHEREAS, on March 28, 1996, the Authority amended its policy related to Executive Order No. 26; and,

WHEREAS, the Authority's policy states that a negotiated sale of bonds will be conducted if it is determined by the Authority that it would better serve the requirements of a particular financing; and,

WHEREAS, a negotiated transaction would be permitted in circumstances including, but not limited to, the sale of bonds for a complex or poor credit; the development of a complex financing structure, including those transactions that involve the simultaneous sale of more than one series with each series structured differently; volatile market conditions; large issue size; programs or financial techniques that are new to investors; or, for variable rate transactions; and,

WHEREAS, Bayonne Medical Center has entered into a Memorandum of Understanding with the Authority to pursue a revenue bond financing (the "Financing"); and,

WHEREAS, Bayonne Medical Center has requested that the Authority consider approving the pursuit of a negotiated sale; and,

WHEREAS, the Financing could be considered as large; and,

WHEREAS, the Financing could be considered a complex or poor credit; and,

WHEREAS, the Authority is desirous of being responsive to Bayonne Medical Center's request; and,

WHEREAS, the aforementioned resolution and justification in support of such resolution must be filed, within five days of its adoption, with the State Treasurer;

NOW, THEREFORE, BE IT RESOLVED, that, based upon the above findings, the Authority hereby determines that it would better serve the requirements of this Financing to conduct a negotiated sale; and,

BE IT FURTHER RESOLVED, that the Executive Director is hereby directed and authorized to transmit a copy of this Resolution and justification in support of such resolution to the State Treasurer.