Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on September 25, 2008 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, New Jersey.

The following **Authority Members** were in attendance:
Gus Escher (Chairing as Vice-Chair), Public Member; Ulysses Lee, Public Member (Via telephone); Eileen Stokley, Designee of the Commissioner of Human Services; Maryann Kralik, Designee of the Commissioner of Banking & Insurance, and Bill Conroy, Designee of the Commissioner of Health and Senior Services).

The following **Authority staff members** were in attendance:
Mark Hopkins, Lou George, Jim Van Wart, Steve Fillebrown, Suzanne Walton, Susan Tonry, Carole Conover, Michael Ittleson, Marji McAvoy, Bill McLaughlin, Edwin Fuentes, and Rhonda Robins.

The following **representatives from State offices and/or the public** were in attendance:
John Brodsky, Fairmount Capital Advisors; Joan Marron, Morgan Stanley; Ina Brown, M&T Securities, Inc.; Isabel Miranda, Gluck, Walrath, & Lanciano, LLP; Ronald Guy, Chief Financial Officer, Shane Fleming, Director of Finance, and Larry DiSanto, Chief Operating Officer, Capital Health System; Jack Swire, Wachovia; and Cliff Rones, Deputy Attorney General.

CALL TO ORDER

Gus Escher called the meeting to order at 10:10 A.M. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 22, 2008 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.

APPROVAL OF MINUTES
August 28, 2008 Authority Meeting

Minutes from the Authority’s August 28, 2008 meeting were presented for approval. Mr. Escher asked, for the record, whether a Member who was not present at a meeting but has discussed the minutes with their co-worker who attended the meeting can vote on the minutes. Mr. Rones stated that it is the case for an Ex-Officio or his or her designee. Ulysses Lee made a motion to approve the minutes; Mr. Esher seconded. Mr. Escher voted yes, Mr. Lee voted yes, Ms. Kralik voted yes, Ms. Stokley voted yes, and Mr. Conroy abstained because he had not discussed the Minutes with the designee who attended the last meeting in his place. The motion to approve the August 28, 2008 meeting minutes passed.

INFORMATIONAL PRESENTATION
Capital Health System

Bill McLaughlin stated that the Capital Health System Obligated Group is a not-for-profit corporation that is comprised of three operating divisions: CHS at Fuld, CHS at Mercer and CHS at Hamilton. CHS at Fuld and CHS at Mercer are separately licensed acute care hospitals located in Trenton, which have 269 and 350 beds, respectively. CHS at Hamilton is an outpatient facility.

Capital has requested that the Authority consider the issuance of approximately $800,000,000 of bonds on its behalf. The proceeds of which are expected to be used as follows: to construct a new replacement hospital for the Mercer division to be located in Hopewell Township, New Jersey; to purchase capital equipment, to renovate existing facilities, to advance refund the Authority's Capital Health System Obligated Group Issue, Series 2003A; to currently refund the Authority's Capital Health System Obligated Group Issue, Series 2003B; to currently refund the Authority's Capital Health System Obligated Group Issue, Series 1997; to fund the Debt Service Reserve; and to fund capitalized interest and to pay related costs of issuance.

The transaction is expected to be structured as a fixed rate financing. Security for this transaction will include a FHA insured mortgage. Mr. McLaughlin stated that at this point, Capital has filed its FHA application and expects an insurance commitment by the end of September. Without additional credit-enhancement, based on the FHA insured mortgage solely, the transaction is expected to be rated not lower than the "double A" category. With the goal of achieving a "triple A" rating for this transaction, negotiations are ongoing with potential credit-enhancers.

Since staff began working on this transaction, there have been some fairly material changes in the investment banking industry. UBS, the firm initially named as senior managing underwriter on this transaction, closed its public finance operation; and Wachovia, the firm initially named as the co-senior managing underwriter, had a restructuring of its public finance operation. As a result of these actions, Capital was compelled to review the other proposals it had originally received and expand discussions with additional firms. The result of Capital's re-evaluation of underwriting proposals was the selection of Morgan Stanley as senior managing underwriter and J.P. Morgan as the co-senior manager.

The annual audited financial information for Capital presented in the mailed materials, indicates that Days Cash on Hand increased from approximately 229 days to approximately 265 days from 2006 to 2007. The Days Cash on Hand position is materially stronger than the 2007 Statewide Median of 66.54 days. Capital's Operating Margin for the years 2006 and 2007 was very strong at 6.83% and 12.93%, respectively. Debt Service Coverage is strong at 6.75 times, as was the Cushion Ratio at 17.86 times for 2007. Days in Accounts Receivable were 37.49 days versus the statewide median of 47.37 days, and FTE's per adjusted occupied beds were 7.15 versus a statewide median of 5.19. Unaudited six-month interim financial statements indicate continued solid performance.

Capital's Annual Inpatient Utilization Trends for the period 2006 to 2007 are strong, although they indicate a slight decrease in admissions and inpatient days. Length of stay and the occupancy rate on licensed beds have decreased modestly. Utilization statistics derived from interim financials indicating six-month performance are consistent with year-end 2007 results.

Mr. McLaughlin then turned the presentation over to Steve Fillebrown, who presented management's financial projections. Mr. Fillebrown stated that the forecast period is 2008 to 2013 and then highlighted the following results and key assumptions:

On the results side:

- Operating margins range from 7.8% to 11.7%. Lower margins after project comes on line. Those probably sound high, but Capital Health System posted a 12.9% margin in 2007 and has been in the 7 - 8% range for several years prior to that.
- Days cash on hand starts at 236 days and rises to over 400 days during the projection period. Again, these sound high, but historically, the hospital has been in the low to mid 200 day range. Further, with high margins and no principal payments during the construction period, the hospital will accumulate cash rapidly.
- DSCR is very high during the construction phase but is 2.34 and 2.61 in the first two years after the project comes on line.
- Accounts receivable remain at 35 throughout the forecast period; historically, the hospital has been below 40 days.
- Accounts payable is projected to rise from 50 days to the mid-60s. This is largely the result of the debt service associated with the project, as opposed to increasing vendor payables.

With regard to volume:

- Projections show a modest increase in inpatient admissions (about 1%) until the project comes on line. Then forecasting 8.8% increase in 2011 and 15.8% increase in 2012, before dropping back to 2% in 2013. The hospital had been losing admissions through 2007 but is up by about 2% in 2008. The hospital believes the relocation of the Mercer division to Hopewell will drive the volume increases from:
    - Attracting patients and physicians reluctant to come to Trenton
    - Prevent losing admissions to RWJ Hamilton; and
    - Recapturing these and other admissions with the relocation
- Length of stay basically flat throughout forecast period (5.0 dropping to 4.9 in later years)
- Outpatient services increase by about 1% per year
- The volume increases in 2011 and 2012 are obviously high compared to what we normally see. However, it is hard to compare to other projections because this is a relocation. That is, the likelihood of reaching these volume targets depends on the success of the relocation strategy.

On the Expense side:

- Total FTEs increased throughout the forecast period in response to volume increases, but they are essentially flat on per adjusted occupied bed basis;
- Salary per FTE increases by over 5% per year; a little higher than we typically see;
- Supplies and other expenses are forecast to increase between 6% and 12%, depending on the volume increase for the particular year. Inflation factors on expense items vary between 3.4% and 9.8%. Examples - supplies at 4.8%, utilities 8.8% to 9.8%;
- These inflation factors tend to be on the higher end of what we have seen.

On the Revenue side:

- NPSR rises by 6.3% in the first two years, then by 15.8% in 2011, and 12.0% in 2012, as the new facility comes on line and volume is forecast to increase. Medicare rates are increased by 3.3% per year; Medicaid rates are projected to rise by 2.5% per year. Commercial rates are forecast to rise by 6% to 7% per year;
- Some change in payer mix as Medicare percentage is forecast to decline, while managed care percentage increases. After project completion – Medicare 37%, Medicaid 15%

(10% FFS and 5% managed care), commercial managed care 23%, Blue Cross 6%, charity care 13%; and

- Other operating revenue increases by 3.0% per year.

Gus Escher asked what the current status is of the Mercer Campus to which Mr. DiSanto replied that the Mercer Campus continues to function as a full acute care hospital and will do so until the new hospital in Hopewell Township is ready to open. At that time, the license will be transferred to the Hopewell Campus.

Mr. Conroy questioned whether a report has been compiled to support the statements that physicians no longer want to practice in Trenton to which Mr. DiSanto stated that, over the last several years, there has been a series of interviews conducted by a variety of people, mainly consultants. Mr. DiSanto stated that while there is no report, they have the information from the interviews they conducted and can make it available to the Members. When the idea first came about to relocate the campus, they decided to test the market to see what the physicians would do. Based on interviews with the doctors and feedback from patients, they could see there was reluctance by not only the physicians but their patients to go to the Mercer Campus. He stated; however, that based on the actions and verbalization from the physicians, they are very supportive of this project. He noted that the physicians' staffs are also very excited about the opportunity and attributes some of the increase in admissions seen in 2008 to the enthusiasm for this project. He further noted that the doctors who split their services between hospitals will be more devoted to the Hopewell campus because of its ideal location. He stated that Lower Bucks County had also been a strong primary service area for the Mercer Campus; however, with the shifting of population from the city to the suburbs, they saw a loss in market share. He noted that the new site is three to five minutes from Lower Bucks County and will open up the market that they had lost because of the same factors mentioned above. He also noted that with the relocation of the Mercer campus, the Fuld Campus continues to grow and expand. They recently recruited a well known physician and his team from the Philadelphia area to start a new initiative at the Fuld Campus. He noted that this is indicative of the relocation to Hopewell and the fact that they are a growing system.

Ms. Stokley asked what renovations are planned for the existing facility at Fuld. Mr. DiSanto stated that as a condition of the CN granted by the Department of Health, Capital Health is required to relocate their regional perinatal center from the Mercer Campus to the Fuld Campus. Space needs to be made available for the relocation of the intensive care bassinets in the NICU. He stated that they don't have obstetrical services at Fuld since these services were transferred in 1999 over to Mercer when the system was created by the joining of Fuld and Mercer. He further stated that an obstetrical unit as well as a NICU needs to be recreated. He also stated that they are expanding their in-patient bed capacity. He reported that these renovations will be approximately $45 million which is inclusive of construction, new equipment and associated fees and noted that these renovations are internal and no new square footage is needed. Ms. Stokley thanked Mr. DiSanto and stated that this was the answer she wanted to hear.

Ms. Stokley also asked what their plans were for the Mercer Medical Center building to which Mr. DiSanto replied that has yet to be determined. He stated that as part of the CN, Mercer is required to maintain a satellite emergency department for 3 years post relocation to Hopewell so part of the campus will be devoted to this; however, there were also some other associated requirements having to do with clinical hours. He reported that they have a very active primary care and specialty care clinic across the street on Bellevue Avenue, and they are required not only to continue those services but expand the hours. There have been meetings and inquiries concerning the disposition of the Mercer campus; however, it is undetermined at this time due to the need to maintain the satellite emergency department. Ms. Stokley asked if it is possible that the satellite emergency department might be housed in one of the other buildings rather than the main building, and Mr. DiSanto stated that it is possible; however, they have looked at the renovation needed to relocate to another building and stated that it might be difficult. He noted that there are many factors involved, and it will depend on the reuse of the campus. Ms. Stokley asked if there was a limit on the period of time that Capital must operate the satellite emergency department to which Mr. DiSanto stated that it was three years post relocation, and the project is anticipated to be completed in the third or fourth quarter of 2011 at which time the three year clock would start. At that point, they will determine the utilization and whether people are traveling to Fuld. It also will depend on how the clinic is going and what the volume is. He noted that many visits to the emergency department in an urban environment are primary and not necessarily emergency. Mr. DiSanto reported that they are also working with a federally qualified neighborhood health center on a health plan for the city that would expand their services both geographically as well as hours and breadth of services to determine how that would impact the overall provision of health care to the city. Mr. Escher thanked Mr. DiSanto and stated that it was a very exciting plan.

This presentation was for informational purposes only; no action was required.

RESOLUTION DELEGATING TO THE EXECUTIVE DIRECTOR THE AUTHORITY TO AMEND THE LOAN AGREEMENT FOR VIRTUA HEALTH 2006 BONDS

Marji McAvoy stated that the Virtua Health Inc. Issue, Series 2006 was issued on May 23, 2006 in the principal sum of $35,000,000 for the purpose of replacing and updating Virtua's information technology system, including the system-wide Clinical Information System.

After applying considerable resources and functionality analyses, Virtua has decided not to pursue the installation of the GE Centricity System Application, and instead proceed with a Siemens System Program. They have expended approximately $10 million of bond proceeds on the original GE system, where about half is system design work that will still be of benefit with the Siemens system.

The equipment, which is not compatible with the Siemens system, has been returned to GE. They have located a buyer for one now-unusable server at roughly half of its original price, about $465,000. The server being sold by Virtua has been determined by them to not be a material portion of the Project, approximately 3%, and therefore, the sale does not require consent of the Trustee, Authority, or Virtua's Board according to Sec. 5.2. of the Loan Agreement.

Ms. McAvoy stated that since Virtua may make additional replacements or substitutions of equipment items over the course of the installation and implementation of the information technology system, Staff believes that approval to do so should be delegated to certain Authorized Officers of the Authority.

Members were given copies of the draft resolution, Amendment Number 1 to the Loan Agreement prepared by Gluck Walrath, LLP, Bond Counsel for the transaction, which incorporated the above-referenced authorizations. Finalized documents and an opinion of Bond Counsel were available at the meeting for the Members. The Attorney General's office has reviewed the resolution and amendment and has no objection to the Authority's consideration of this matter. Accordingly, Staff recommends that the resolution be approved.

When questioned whether the purchase of the GE equipment was a mistake, Ms. McAvoy stated that it was not but rather they determined, after further studies, that the Siemens clinical information system would be a better fit for their needs. Ms. McAvoy was also asked if the resolution on the table before the Members had any material differences to which she replied no. She was also asked if the system was for the existing Virtua Hospital to which she replied it was and noted it was Virtua 2006 Series bonds.

When asked by Ms. Stokley as to whether her recollection of the new hospital having a GE system throughout was correct, Mr. Van Wart replied that it was and noted that Virtua has a partnership with General Electric in terms of not only their IT system but throughout the hospital. Ms. Stokley further questioned whether the Members would hear, at some point down the road, that Virtua plans to move away from the GE partnership on the new hospital. Mr. VanWart stated that he did not think this would be the case. Isabel Miranda, bond counsel, also noted that Virtua found, in terms of the clinical information system, that Siemens has the newer technology and the GE system was not evolving as quickly. Ms. Stokley also asked if there was a significant additional cost involved with moving away from the GE system to which Mr. VanWart stated that there is an additional cost but it would be paid out of equity and not from the bond proceeds. Since there seemed to be some uncertainty among some Members with this resolution, Mr. Rones pointed out that the resolution before the Members does not speak to the sale of what has already been done but rather the delegation for other changes or other critical material changes. The question to the Members is whether they want the delegation for those types of material changes to come back before the Members. Mr. Escher stated that he was comfortable with the delegation to the Executive Director since it is governed by Bond Counsel's opinion and by Federal statutes.

Mr. Escher asked the Members' pleasure with respect to the adoption of the Resolution. Mr. Escher moved that the resolution be approved. Ms. Stokley seconded. Mr. Escher voted yes, Mr. Lee voted yes, Ms. Kralik voted yes, Ms. Stokley voted yes, and Mr. Conroy abstained. The motion carried.

AB RESOLUTION NO. II-21

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Bond Resolution entitled, "A RESOLUTION AUTHORIZING THE EXECUTION AND DELIVERY OF VARIOUS DOCUMENTS RELATING TO AN AMENDMENT TO LOAN AGREEMENT IN RESPECT OF THE AUTHORITY'S VARIABLE REVENUE BONDS, VIRTUA HEALTH ISSUE, SERIES 2006

UPDATE FROM FAIRMOUNT CAPITAL ADVISORS

Jim Van Wart introduced John Brodsky, Managing Director and principal of Fairmount Capital Advisors who updated the Members on recent events in the Capital Markets. Some of the points that Mr. Brodsky covered included the continued fallout from the subprime mortgage market and its effects on bond insurers, ARCS, Investment Banks, Fannie Mae, Freddy Mac and AIG.

Mr. Brodsky talked about the freeze up in markets caused by the lack of liquidity and the actions that the government has already taken such as the $85 million loan to AIG, the temporary guarantee of US money market funds and the Fanny and Freddy rescue package. He then discussed the impact to the municipal markets, both in fixed rate and the variable rate securities and indicated what the impact to the Authority's present and future borrowers has and potentially will be. He concluded with a brief description of what the federal government is trying to accomplish with its proposed "bailout".

This presentation was for informational purposes only; no action was required.

DELEGATION TO TERMINATE AND REPLACE REMARKETING AGENTS

Jim VanWart began by stating that, as the Members are aware, financial markets have been extremely volatile over the past several days. One of the areas of the market that has proven to be volatile for the Authority and its borrowers has been in the Variable Rate Demand Bonds ("VRDB") market.

All of the Authority's VRDB's (the Authority currently has forty-two issues with a total original par amount of $1,187,430,000) are remarketed on a weekly mode and last week, several of the Authority's issues were not successfully remarketed. As a result, the bonds were tendered back to the letter of credit provider for the issue. This resulted in a significantly higher interest cost to our borrowers. Several of our borrowers have suggested that they would like to change remarketing agents in order to avoid this reoccurring.

Remarketing Agreements for Authority issues that are currently outstanding require that a replacement of a Remarketing Agent be requested by the Borrower and be approved by the Authority or its Authorized Representative.

Because of the volatility currently being seen in the market, staff recommends that the Executive Director be given the authority to terminate the Remarketing Agent upon the request of a borrower and to accept the borrower's selection of a replacement remarketing agent as long as the selected Remarketing Agent is on the Authority's approved list and the Borrower provides evidence satisfactory to the Executive Director that it has followed a competitive process in its selection of the replacement Remarketing Agent and has solicited proposals from no less than three firms on the Authority's approved list. The Board resolution presented will expire on December 31, 2008, and the Executive Director would report to the Members any actions that were taken under this resolution at the Board Meeting following the action. Mr. VanWart noted that the proposed resolution was reviewed by the Attorney General's office.

In response to a question with respect to the December 31, 2008 date, Mr. VanWart stated this date was agreed upon because staff is optimistic that the volatility of the market will have gone away, and the need for this resolution will no longer be necessary. At that point, any changes in remarketing agents will be presented to the Members for approval as has been done in the past. Mr. Hopkins noted that the Attorney General's office prefers to limit the scope of time when giving a broad delegation like this in a resolution. He noted that the problem may solve itself; however, if necessary, a request for an extension of the resolution can be made at our December meeting to which the Members agreed. The Members also agreed that they would like to have a report at the December meeting to make that determination.

Mr. Escher asked the Members' pleasure with respect to the adoption of the Resolution. Eileen Stokley moved that the resolution be approved. Ms. Kralik seconded. Mr. Escher voted yes, Ms. Kralik voted yes, Ms. Stokley voted yes, and Mr. Conroy abstained. No vote was received from Mr. Lee as contact with him was lost on the conference call. The motion carried.

AB RESOLUTION NO. II-22

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Resolution entitled, "RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OF THE AUTHORITY TO TAKE ACTIONS NECESSARY TO REPLACE REMARKETING AGENTS FOR AUTHORITY BONDS" *(attached)*

MODIFICATION TO THE QUALIFIED BANKERS LIST

Gus Escher noted that Dennis Hancock had provided a memo concerning staff's recommendation to modify the Authority's Qualified Banker's List with respect to M&T Securities. Members were asked if there were any questions.

Mr. Escher moved to approve the proposed modification to the Authority's Qualified Banker's List, as recommended by staff. Mr. Conroy seconded. Mr. Escher voted yes, Ms. Kralik voted yes, Ms. Stokley voted yes, and Mr. Conroy voted yes. The vote was unanimous and the motion carried.

AB RESOLUTION NO. II-23

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the proposed modification to the Authority's Qualified Banker's List, as recommended by staff, thereby adding M&T Securities, Inc. as senior manager, financial advisor, placement agent, co-manager, and remarketing agent.

MEAL REIMBURSEMENT POLICY

Mark Hopkins stated that Authority Members may recall that the State Inspector General reviews the benefits of each of the State's independent authorities and compares those with the benefits for State workers. The Authority conforms to the State's benefits in the great majority of areas, many more than most other authorities. The report does not require that the authorities adhere to State policies, it is merely a comparison.

One area that the Authority currently provides slightly higher benefits than the State is in the meal reimbursement policy. The Authority's current policy on reimbursement for meals while traveling on business within the state is up to "$25 per day . . . for employees who work ten or more hours, inclusive of a one-hour lunch break, in a given day." This is one area noted as a deviance from the State's policy in the Inspector General's Report Comparing State Authorities' Employee Benefits.

Under both the State's policy and the Authority's policy, an employee can receive a meal allowance only if he or she is authorized or assigned hours of work beyond the normal work day and performs at least three such additional consecutive hours of work that are not otherwise compensated for at premium rates on either a cash or compensatory time basis. The State's policy differs in that rather than permitting up to $25 for meal reimbursement, State workers are allowed reimbursement up to the following limits: $5 for Breakfast; $7 for Lunch; and $10 for Dinner."

In order to bring this little-used Authority benefit more in line with the State's offerings, Mr. Hopkins asked the Authority Members to consider adopting the policy followed by State employees for meal reimbursement (currently contained in Section XI of the Circular) as the policy for Authority staff. Mr. Hopkins noted that the meeting material the Members received contained the relevant portions of the current Authority meal reimbursement policy and the Circular.

Mr. Conroy moved to adopt the meal reimbursement policy as contained in OMB's Circular No. 08-19-OMB. Ms. Kralik seconded. Mr. Escher voted yes, Ms. Kralik voted yes, Ms. Stokley voted yes, and Mr. Conroy voted yes. The vote was unanimous and the motion carried.

AB RESOLUTION NO. II-24

NOW, THEREFORE, BE IT RESOLVED, that the Authority adopts the State's meal reimbursement policy as contained in their Circular No. 08-19-OMB.

AUTHORITY EXPENSES

Gus Escher referenced a summary of Authority expenses and invoices. Mr. Conroy offered a motion to approve the bills and to authorize their payment; Ms. Kralik seconded. Mr. Escher voted yes, Ms. Kralik voted yes, Ms. Stokley voted yes, and Mr. Conroy voted yes. The vote was unanimous and the motion carried.

AB RESOLUTION NO. II-25

WHEREAS, the Authority has reviewed memoranda dated September 18, 2008, 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 $192,612.59, $9,784.80 and $15,991.50 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

Gus Escher thanked staff for their preparation of staff reports, including the Project Development Summary, Cash Flow Statement, and the Legislative Advisory were distributed to the Members.

Mr. Hopkins then offered the following items in his Executive Director's Report:

1. The Finance Committee will be meeting on Friday, October 10th at 10:30 A.M. to consider the Authority's 2009 proposed budget.
2. In Hospital News:
    a. Two community organizations and the City of Plainfield have each filed appeals of the Commissioner of Health and Senior Services' approval of Solaris' Certificate of Need application to close Muhlenberg Regional Medical Center. The Authority's HATP financing related to that closure was delayed by a possible

cost saving restructuring of the debt. However, staff is currently seeking the advice of the Attorney General's office on whether and how far the Authority could proceed in light of the litigation. Additionally, Morgan Stanley has filed notice that it intends to terminate a swap arrangement with Solaris JFK Hospital effective November 3rd. The termination is expected to require a substantial payment from JFK to Morgan Stanley or a quick refunding of the bonds.

b. Hackensack University Medical Center will be reopening the emergency room at the former Pascack Valley Hospital on October 1st.

c. Virtua had previously identified UBS Securities and Wachovia Securities as co-senior managers on its upcoming financing. Due to UBS's exit from municipal bond underwriting and key personnel changes at Wachovia, Virtua has appointed Morgan Stanley as the senior managing underwriter and has removed Wachovia as co-senior manager with the possibility Virtua may name another co-senior manager in the future.

3. Authority News:

a. Edwin Fuentes joined the Authority as an Assistant Account Administrator on September 2nd. Edwin graduated from Ocean County College with an Associates degree in General Studies with an emphasis on Computer Science and Business Studies. He is continuing his education to get a bachelors degree in accounting.

EXECUTIVE SESSION

At this point, Mr. Escher asked the Members to meet in Executive Session, as permitted by the Open Public Meetings Act and the Authority's By-Laws, to discuss contract negotiations relating to St. Mary's Hospital of Passaic. Mr. Escher moved to meet in Executive Session for this purpose; Ms. Stokley seconded it. Mr. Escher voted yes, Ms. Kralik voted yes, Ms. Stokley voted yes and Mr. Conroy voted yes. The motion carried.

AB RESOLUTION NO. II-26

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 contract negotiations relating to St. Mary's Hospital,

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. It should be noted that contact with Mr. Lee was re-established during Executive Session. As there was no further business to be addressed, Mr. Conroy moved to adjourn the meeting, Ms. Kralik seconded. Mr. Escher voted yes, Mr. Lee voted yes, Ms. Kralik voted yes, Ms. Stokley voted yes, and Mr. Conroy voted yes. The vote was unanimous and the motion carried, and the meeting was adjourned at 11:47 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 SEPTEMBER 25, 2008.

Carole Conover
Assistant Secretary

AB RESOLUTION NO. II-22

RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR OF THE AUTHORITY TO TAKE ACTIONS NECESSARY TO REPLACE REMARKETING AGENTS FOR AUTHORITY BONDS

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, many of the bonds issued by the Authority are structured as variable rate demand bonds, which require the use of a Remarketing Agent, and

WHEREAS, the Authority and/or its borrowers enter into Remarketing Agreements with the Remarketing Agent, which agreement specifies the actions necessary to terminate the Remarketing Agent and engage a replacement Remarketing Agent, and

WHEREAS, other documents under which the Authority has issued its bonds may similarly provide for approval or other action of the Authority in connect with the termination and/or replacement of a Remarketing Agent; and

WHEREAS, the short-term market is currently in an extremely volatile situation and a number of Remarketing Agents are having difficulty remarketing bonds, which may add cost to our borrowers, and

WHEREAS, borrowers may request replacement of their Remarketing Agent, and

WHEREAS, the Authority recognizes that, in these market conditions, time may be of the essence, and

WHEREAS, some of the Remarketing Agreements or other documents under which the Authority has issued its bonds may require action by the Authority in order to replace a Remarketing Agent, and

WHEREAS, the Authority's current policy, in accordance with Executive Order #26, permits the borrower to select its senior manager or remarketing agent from the Authority's approved list;

NOW, THEREFORE, BE IT RESOLVED, that, in those cases where the Authority is asked to terminate a remarketing agent and appoint a new remarketing agent, the Authority hereby authorizes the Executive Director to terminate the remarketing agent upon the request of a borrower and to accept the borrower's selection of the replacement remarketing agent so long as (1) the selected remarketing agent is on the Authority's approved list and (2) the Borrower provides evidence satisfactory to the Executive Director that it has followed a competitive process in its selection of replacement Remarketing Agent and has solicited proposals from no less than three firms on the Authority's approved list; and,

BE IT FURTHER RESOLVED, that, the Executive Director is authorized to make such changes in the Remarketing Agreement, with the advice of counsel, as may be necessary to accomplish the purpose of this Resolution, provided that no such changes impose any additional obligations upon the Authority; and,

BE IT FURTHER RESOLVED, that, the Executive Director report to the Authority actions taken as a result of this Resolution at the next succeeding Board Meeting; and,

BE IT FURTHER RESOLVED, that no action shall be taken as a result of this Resolution subsequent to December 31, 2008.