Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on November 22, 2005 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., J.D., the Commissioner of Health and Senior Services; Gustav Edward Escher, III, Public Member (via telephone); Freida Phillips, designee of the Commissioner of Human Services; and, Maryann Kralik, representing the Commissioner of Banking and Insurance.

The following **Authority staff members** were in attendance:
Mark Hopkins, Dennis Hancock, Jim Van Wart, Stephen Fillebrown, Bill McLaughlin, Susan Tonry, Michael Ittleson, Suzanne Walton, Andreea Milosevici, Lou George, Carole Conover, and Stephanie Zschunke.

The following **representatives from State offices** were in attendance:
Edward Tetelman, Department of Health and Senior Services; Sam Stanton, Authorities Unit Office of the Governor; and, Clifford T. Rones, Deputy Attorney General.

The following **members of the public** were in attendance:
Jim Nolan, AtlantiCare Regional Medical Center; Kevin Stagg, Christian Health Care Center; Rich Smith, JFK Medical Center; William Mayer, Esq., DeCotiis, FitzPatrick, Cole & Wisler; Scott Kobler, McCarter & English; Edward Moresco, AIG; Howard Eichenbaum, Gluck Walrath; Deborah Hoskins, Daniel Deets, Hunterdon Medical Center; Karen Mosner, Kevin Natali, Evergreen Financial Services; Terry Dermody, Business & Governmental Insurance Agency; Maryann Kicenuik, Windels Marx Lane & Mittendorf; and, Chris LaMarca, PNC Capital Markets.

CALL TO ORDER

Dr. Jacobs 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 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

October 27, 2005 Authority Meeting

The minutes for the Authority's October 27, 2005 meeting were distributed for review and approval. Ms. Phillips offered a motion to approve the minutes; Ms. Kralik seconded. Dr. Jacobs voted yes, Mr. Escher voted yes, Ms. Phillips voted yes, and Ms. Kralik voted yes. The motion carried and the minutes were approved.

HUNTERDON MEDICAL CENTER
TEFRA Hearing and Contingent Bond Sale
As required by the Tax Reform Act of 1986, Dr. Jacobs announced that the following portion of the meeting would be considered a public hearing in connection with the Authority's proposed financing on behalf of Hunterdon Medical Center. He invited those in attendance to participate in discussing the transaction, and then asked Bill McLaughlin to present the proposed financing.

Mr. McLaughlin introduced Daniel J. Deets, Chief Financial Officer and Deborah Hoskins, Director of Finance. Following the introduction, Mr. McLaughlin reminded the Members that today he would be requesting approval of a contingent sale of bonds on behalf of Hunterdon Medical Center (the "Medical Center").

Mr. McLaughlin stated that the initial intent of the working group was to structure this transaction as a single series, however, in addressing certain unresolved issues pertaining to the two construction projects, a decision was made to separate the transaction into two series.

The proceeds of the Series 2006A bonds will be used to: construct a new 449-space parking garage on the Medical Center's campus; fund central plant improvements; purchase capital equipment; reimburse the Medical Center for certain pre-construction costs incurred by the Medical Center for the development of a health and wellness center located in Clinton, New Jersey; and refinance a taxable loan, the proceeds of which were used to retire a portion of the Medical Center's Series A (1990) Bonds. While the Medical Center has received local Planning Board approval for the parking garage, at the time of this presentation, the statutory appeal period had not fully elapsed. To address this issue, the 2006A Series Resolution will prohibit the distribution of a Preliminary Official Statement until the appeal period ends and no legal action has been taken to impede the project.

Mr. McLaughlin said that the proceeds of the 2006B bonds will be used to construct and equip the new health and wellness center in Clinton. As a condition of an agreement between the Town of Clinton and the Medical Center, an allocation permit as well as a safe drinking water permit for a specific well must be secured from the New Jersey Department of Environmental Protection before the town can fulfill its agreement to provide water to the health and wellness center. Both the Town of Clinton and the Medical Center fully expect the permits to be issued, however, neither is in control of the timing associated with matter. To address this issue, the 2006B Series Resolution will prohibit the distribution of a Preliminary Official Statement until all permits have been issued or some other arrangement for the provision of water has been reached.

Both the Series 2006A and Series 2006B bonds will be sold as fixed rate public offerings and rated solely on the basis of the Medical Center's credit. Both series are expected to be rated "A-" by Standard & Poor's Corporation and "A" by Fitch Ratings. Although the possibility of marketing both series together remains open, the bifurcated structure allows the Medical Center to enter the capital markets in the near term, while maintaining the integrity of certain Authority policies.

SERIES RESOLUTION

Maryann Kicenuik, Esq. of Windels Marx Lane & Mittendorf (the Bond Counsel) stated that the Series 2006A Resolution authorizes the issuance of the tax-exempt Series 2006A Bonds in an aggregate principal amount, exclusive of original discount, not in excess of $24,000,000 and at a fixed interest rate, with the maximum rate at 6.00%. 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 105%. The bonds will be secured by payments made by Hunterdon Medical Center under a Loan Agreement, as evidenced and secured by a Note issued pursuant to the provisions of a Master Trust Indenture and Second Supplemental Indenture and by a Mortgage on certain property pledged by the Medical Center. 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 February 22, 2006. The Series Resolution also approves the form of the Bonds, Preliminary Official Statement, Official Statement and Loan Agreement. The Series Resolution confirms the appointment of Wachovia Bank, National Association 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 Loan Agreement and the issuance and sale of the Series 2006A Bonds. Ms. Kicenuik noted that the Loan Agreement makes certain provisions for the handling of the pre-construction costs in the event that the health and wellness center is not constructed. In that event, the documents require that the pre-construction cost reimbursement be considered working capital and the Project Definition in the Series resolution will be considered amended to exclude the health and wellness center and include working capital.

SERIES RESOLUTION

Ms. Kicenuik then presented the Series 2006B Resolution, which authorizes the issuance of the tax-exempt Series 2006B Bonds in an aggregate principal amount, exclusive of original discount, not in excess of $20,000,000 and at a fixed interest rate, with the maximum rate at 6.00%. 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 105%. The bonds will be secured by payments made by Hunterdon Medical Center under a Loan Agreement, as evidenced and secured by a Note issued pursuant to the provisions of a Master Trust Indenture and Third Supplemental Indenture and by a Mortgage on certain property pledged by the Medical Center. 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 June 21, 2006. The Series Resolution also approves the form of the Bonds, Preliminary Official Statement, Official Statement and Loan Agreement. The Series Resolution confirms the appointment of Wachovia Bank, National Association 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 Loan Agreement and the issuance and sale of the Series 2006B Bonds.

Dr. Jacobs asked the Members' pleasure with respect to the adoption of, first the Series 2006A Resolution. Ms. Phillips moved that the document be approved. Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-29

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, HUNTERDON MEDICAL CENTER ISSUE, SERIES 2006A."

Dr. Jacobs asked the Members' pleasure with respect to the adoption of the Series 2006B Resolution. Ms. Phillips moved that the document be approved. Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-30

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, HUNTERDON MEDICAL CENTER ISSUE, SERIES 2006B."

Mr. Deets thanked the Authority Members and Authority staff for working through this transaction to make possible this project that is important for the community surrounding Hunterdon County. Dr. Jacobs congratulated Hunterdon Medical Center and wished the facility luck on the project. As there were no further questions or comments, the Commissioner closed the public hearing that was required by the Tax Reform Act of 1986 in connection with the Authority's proposed issuance and on behalf of Hunterdon Medical Center.

CONTINGENT BOND SALE

Variable Rate Composite Program (COMP Series 2005 Program)

Suzanne Walton asked Members of the Authority to consider the contingent sales of bonds on behalf of three borrowers, which comprise the sixth group of participants in the Authority's Variable Rate Composite Program ("COMP" Program). Through the COMP Program, the Authority issues a separate series of bonds for multiple borrowers, with bond documents that, for the most part, contain standard provisions. Each loan will be secured by a letter of credit obtained from a bank selected by the borrower, and each series of bonds will be initially sold as 7-day variable rate bonds.

A. AtlantiCare Regional Medical Center Project, Series 2005 A-1 Contingent Bond Sale

Ms. Walton presented the first COMP (Series 2005) Program bond sale, on behalf of AtlantiCare Regional Medical Center. Proceeds would be used to finance an expansion and renovation project at the Medical Center's City Division including the construction of a new 7-story addition and renovations to the existing hospital space. Proceeds would also be used to fund capitalized interest and pay related costs of issuance. Ms. Walton then introduced AtlantiCare Regional Medical Center's Vice President of Finance, Jim Nolan.

BOND RESOLUTION

William Mayer of DeCotiis, FitzPatrick, Cole & Wisler, LLP, serving as bond counsel for the COMP Program, then summarized some general information pertaining to standard COMP Program bond documents. He explained that Resolutions authorizing the issuance of bonds set forth the Authority's authorization to issue tax-exempt bonds on behalf of a designated borrower. The Resolutions also approve the form of and authorize the execution of a Contract of Purchase, a Composite Limited Offering Memorandum, Loan Agreement, an Indenture, and a Remarketing Agreement. The Resolutions also appoint The Bank of New York as Trustee, Bond Registrar and Paying Agent for the Bonds. Further, each individual Resolution defines contingencies that must be satisfactorily met prior to the issuance of Bonds, and authorizes the Executive Director to approve a substitute letter of credit provider in the event that final negotiations with an approved provider should fail. The Resolution requires that a bank's rating should be the same or better than the Moody's rating on the approved letter of credit provider.

Mr. Mayer then outlined contingencies associated with the Authority's issuance of bonds for AtlantiCare Regional Medical Center. Included are a maximum bond size of $25 million, a maximum underwriter's discount of $2.00 per $1,000 of principal amount of bonds, a final maturity date of no later than July 1, 2031, and a redemption premium not to exceed 3%. In addition, the Resolution authorizing the issuance of bonds also authorizes that a Letter of Credit be issued by Wachovia Bank, National Association. The AtlantiCare resolution also authorizes an authorized officer of the Authority to release or modify the Mortgage given in March of 2005 so as to allow for this mortgage to be replaced with a mortgage running to the Master Trustee.

There were no questions and Ms. Phillips offered a motion to adopt the Resolution for AtlantiCare Regional Medical Center. Ms. Kralik seconded. The vote was unanimous and the motion was carried.

AB RESOLUTION NO. FF-31

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Resolution entitled, "RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS (VARIABLE RATE COMPOSITE PROGRAM – ATLANTICARE REGIONAL MEDICAL CENTER PROJECT) SERIES 2005 A-1."

Mr. Nolan thanked the Authority for the opportunity for this financing and commended the Authority staff for doing a tremendous job.

B. Christian Health Care Center Project, Series 2005 A-2 Contingent Bond Sale

Ms. Walton indicated that the proceeds of the bonds will be used to finance a portion of the construction of a two-story addition to the Christian Health Care Center's psychiatric facility and renovation and construction projects at their long-term care facility. The Center will also use proceeds to acquire property situated adjacent to the Center's campus which will be used to reconfigure the entrance to the facility and to fund capitalized interest and pay related costs of issuance. Ms. Walton then introduced Christian Health Care Center's Executive Vice President and Chief Financial Officer, Kevin Stagg.

BOND RESOLUTION

Mr. Mayer outlined the following contingencies related to Christian Health Care Center's financing: a maximum bond size of $6.6 million, a maximum underwriter's discount of $2.00 per $1,000 of principal amount of bonds, a final maturity date of no later than July 1, 2036 and a redemption premium not exceeding 3%. In addition, the Resolution authorizes that a Letter of Credit be issued by Valley National Bank, National Association.

There were no questions and Ms. Phillips offered a motion to adopt the Resolution for Christian Health Care Center. Ms. Kralik seconded. The vote was unanimous and the motion was carried.

AB RESOLUTION NO. FF-32

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Resolution entitled, "RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS (VARIABLE RATE COMPOSITE PROGRAM – CHRISTIAN HEALTH CARE CENTER PROJECT) SERIES 2005 A-2."

Mr. Stagg thanked the Authority and staff for doing an excellent job seeing the transaction through.

C. JFK Medical Center Project, Series 2005 A-3 Contingent Bond Sale

Ms. Walton reported that bonds will be issued on behalf of JFK Medical Center for the purpose of financing and/or reimbursing the Medical Center for the costs of building improvements and various items of equipment for hospital use, including, but not limited to, renovations to the Access Center, the dietary department, the radiology department, a nursing unit; and major equipment purchases in the area of information technology as well as furniture and equipment for use in various hospital departments. Proceeds will also be used to fund capitalized interest and pay related costs of issuance. Ms. Walton then introduced JFK Medical Center's Senior Vice President and Chief Financial Officer, Rich Smith.

BOND RESOLUTION

Mr. Mayer outlined the following contingencies related to JFK Medical Center's financing: a maximum bond size of $18.5 million, a maximum underwriter's discount of $2.00 per $1,000 of principal amount of bonds, a final maturity date of no later than July 1, 2031, and a redemption premium not exceeding 3%. In addition, the Resolution authorizes that Wachovia Bank issue a Letter of Credit.

There were no questions and Ms. Phillips offered a motion to adopt the Resolution for JFK Medical Center. Ms. Kralik seconded. The vote was unanimous and the motion was carried.

AB RESOLUTION NO. FF-33

> **NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby approves the Resolution entitled, "RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS (VARIABLE RATE COMPOSITE PROGRAM – JFK MEDICAL CENTER PROJECT) SERIES 2005 A-3."

Mr. Smith thanked the Authority and noted that this is the second time his organization has sought financing through the Authority's COMP Program and it is a smooth process and effective way to borrow funds.

NEGOTIATED SALE REQUESTS

A. Equipment Revenue Note Program

Dennis Hancock reminded the Members that in each of the past two years the Authority has approved the use of a negotiated private placement for any financing completed under the Equipment Revenue Note Program ("ERN"). Executive Order #26 permits a broad approval since the ERN financings are limited to those for which: the issue is less than $15 million, the proceeds are used only for equipment purchase and installation costs, and the note issued is not rated. Executive Order #26 requires that the approval of a negotiated private placement be reaffirmed annually. Therefore, Mr. Hancock asked the Members' consideration of the resolution reaffirming the use of a negotiated private placement for all ERN issues through November 2006.

Ms. Phillips moved to approve the continued use of negotiated private placements for all transactions issued through the ERN, and to approve the forwarding of a copy of the justification in support of said resolution to the State Treasurer; Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-34

(attached)

B. SOUTHERN OCEAN COUNTY HOSPITAL

Mr. Hopkins reported to the Members that Southern Ocean County Hospital ("SOCH") signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing, the proceeds of which will be used to refinance the hospital's 1993 Series A bonds, which currently have $20.8 million principal outstanding, on which the remaining maturities carry an interest rate of $6^1/_8$% to $6^1/_4$%. With costs of issuance and other costs, SOCH is seeking to finance a total of approximately $21,200,000 through the Authority.

In addition to the 1993 Series A Bonds, which were in the original principal amount of $25,900,000 and will be refunded by the proposed financing, the Authority issued $13,860,000 in bonds for the Hospital in 1997, of which $12,105,000 remains outstanding. Also, in 2001, the Authority issued $25,815,000 in bonds for the Hospital, of which $24,435,000 remains outstanding. The latter two series will remain outstanding.

SOCH is a not-for-profit organization that operates a 144-bed community hospital in Manahawkin. The hospital provides comprehensive inpatient, outpatient, emergency services and ambulatory care to residents and visitors of thirteen Ocean County municipalities. SOCH is a subsidiary of Southern Ocean County Health System, Inc., a New Jersey not-for-profit corporation.

According to the consolidated audited financial statements provided with the Memorandum of Understanding, SOCH generated excess revenues over expenses of approximately $2.4 million in 2004 and $2.2 million in 2003. Unaudited information for the first nine months of 2005 show excess revenues over expenses of approximately $1.2 million, continuing its recent history of positive results of operations.

SOCH had asked that the Authority permit the use of a negotiated sale based on its expected use of variable rate debt and volatile market conditions. Each of these reasons is considered, under the Authority's policy regarding Executive Order #26, to be a justification for the use of a negotiated sale, therefore, staff 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. Mr. Tetelman asked what SOCH is rated, to which Mr. Fillebrown responded that it was rated "Baa1" and "BBB+" when he last checked.

Ms. Phillips moved to approve the use of a negotiated sale on behalf of SOCH, and to approve the forwarding of a copy of the justification in support of said resolution to the State Treasurer; Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-35

(attached)

RESOLUTION DELEGATING AUTHORITY TO CHANGE THE LENGTH OF A VARIABLE RATE RESET PERIOD

Mark Hopkins stated that, similar to staff's request at the October Authority meeting regarding changes in Auction Periods, staff would also like to request that the Authority Members delegate to an Authorized Officer of the Authority the ability to approve a change in the variable rate reset periods when requested by a borrower. The Authority has issued several series of bonds with variable interest rates that reset after specific periods, for example daily, weekly and monthly. As market conditions change, it is sometimes beneficial to the borrower to request a change from one variable rate reset period to another (for example, from daily to weekly, weekly to monthly, or vice versa.).

The bond documents usually provide that the variable rate reset period can be changed with the approval of the Authority. The Attorney General had opined that action by the board is necessary when the term "approval of the Authority" is used. In the case of a variable rate reset period change request, a delay in the approval can have a substantial impact on the interest cost incurred by the borrower. In order to facilitate the timely approval of a request for change in the length of the variable rate reset period, as permitted by the documents, staff is requesting that authority be delegated to an Authorized Officer of the Authority to, upon the request of a borrower, approve changes to the variable rate reset period and deliver such other documents as may be required and necessary to effectuate such change.

Staff prepared a resolution providing for such delegation, which the Attorney General's office reviewed without objection. Ms. Phillips moved to adopt the resolution recommended by staff which allows for an authorized officer of the Authority to approve changes in the length of variable rate reset periods, when requested by Authority borrowers; Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-36

(attached)

DIRECTORS AND OFFICERS LIABILITY INSURANCE RENEWAL

Michael Ittleson began by introducing Terry Dermody, Vice President of Business & Governmental Insurance Agency the Authority's broker and Edward Moresco, Assistant Vice President from National Union (AIG). The Authority's 20 million dollar Directors and Officers Liability policy expires on December 18, 2005. The policy, provided through AIG, was a one-year policy with a $250,000 retention at a premium cost of $121,188 and a NJ Surcharge of $1,212 for a total payment of $122,400.

Mr. Ittleson reported that staff had asked the broker to obtain premium quotes on a new policy based on retention levels of $50,000, $100,000, $250,000, $500,000 and $1,000,000. The broker approached nine insurance carriers, and out of the nine carriers, AIG was the only insurer to provide premium quotes. The other carriers declined for various reasons, some due to the unique nature of the Authority, which they considered an atypical non-profit financial organization because of its quasi-governmental nature. Others declined because they could not match the broad terms of the AIG policy and/or said they were not able to compete on price or offer the same limits.

AIG provided premium quotes for retention levels of $75,000, $100,000, $150,000 and $250,000. They did not provide premium quotes for the $50,000, $500,000 and $1,000,000 retention levels because the financial size of the Authority did not meet AIG's minimum criteria for writing policies with such a small and/or such a large retention level. Based on the information provided from AIG for the renewal, the highest retention level available is $250,000. Staff feels comfortable with a $250,000 retention level since there have been no Authority claims on this policy to date, and the Authority will continue to see premium savings while still being able to afford a higher retention level should a claim arise.

Mr. Ittleson recommended that the Members consider approving the National Union (AIG) one-year, 20 million dollar limit of liability policy with a $250,000 retention level at a premium of $108,174, plus the $1,893 NJ Surcharge for a total payment of $110,067. This represents a decrease of $12,333 from the expiring policy while not losing any coverage. The policy period will be from December 18, 2005 through December 18, 2006. It should be noted that the NJ Surcharge went from 1% last year to 1.75% in 2005.

Mr. Tetelman noted a previous discussion in which staff considered stocking money aside in order to pursue a higher retention providing the Authority with increased premium savings. Mr. Hopkins reminded Mr. Tetelman that staff inquired about premiums for a $500,000 and a $1,000,000 retention policy, however, the insurance agency deemed the Authority unable to satisfy that high of a retention. Mr. Moresco explained that AIG reviewed the Authority's cash on hand of about $800,000, and stated that it is insufficient, in and of itself, to support a $1,000,000 retention, and that a $500,000 retention could be detrimental to the company since such a retention could consume half of the Authority's cash on hand. Mr. Hopkins asked if the Authority would be able to satisfy those higher premiums by placing monies aside in a trust fund in the future. Mr. Moresco said yes and added that if the Authority wanted to provide other information on funds that could be drawn from to cover such a retention, AIG may be willing to offer a policy at those higher levels.

Ms. Phillips moved to approve the renewal of the Authority's Directors & Officers Insurance policy; Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-37

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the National Union (AIG) one-year, 20 million dollar limit of liability policy with a $250,000 retention level at a premium of $108,174, plus the $1,893 NJ Surcharge for a total payment of $110,067; and

BE IT FURTHER RESOLVED, that the policy period will be effective from December 18, 2005 through December 18, 2006.

RESOLUTION TO ADD AUTHORITY ASSISTANT SECRETARY DENNIS HANCOCK AS AUTHORIZED SIGNATORY ON AUTHORITY CHECKS

Mr. Ittleson reminded the Members that the Authority's By-Laws require that "any checks upon monies of the Authority shall be signed by any two members of the Authority who are also officers of the Authority."

The Authority maintains its funds in three Commerce Bank checking accounts: the operating account (which includes payroll); the trustee fees account; and, the mortgage servicing account. The Authority currently only has Dr. Jacobs (Authority Chairman) and Mr. Escher (Authority Treasurer and Assistant Secretary) as signatories on these three checking accounts. Mr. Ittleson stated that, with the election of a new Governor which may lead to vacancies in the Governor's Cabinet including the Authority's Chairman position, the Authority could be left with only one signer on the accounts (Mr. Escher), making it impossible to sign payroll checks, operating account checks, trustee fee checks and mortgage servicing checks.

Therefore, in order to make payments, Mr. Ittleson asked the Members of the Authority for their consideration in adopting the resolution which, not withstanding the By-Laws, would continue to require two signatures on Authority checks by allowing that "any checks upon monies of the Authority shall be signed by any two officers of the Authority" regardless if they are Authority Members or an employee of the Authority. The resolution specifically adds Dennis Hancock, an employee of the Authority who is also an Assistant Secretary, as a second authorized signatory on Authority checks to the extent required by the unavailability within a reasonable time period of any other authorized signatory to provide a second signature on Authority checks as required by the By-Laws. In other words, if a second Authority Member who is also an officer is not available, staff could then look to Dennis as the second signatory.

The resolution is for a definitive period of time effective December 12, 2005 through the end of business on March 31, 2006. This time period is expected to allow Authority staff sufficient time to go through the process of adopting new corporate banking resolutions, facsimile signature resolutions and signature cards, if applicable, for a new Chairman and/or new Members who are also appointed as officers.

Mr. Ittleson stated that, if the Members are comfortable with adopting the first resolution, staff would also ask the Members' consideration in adopting the three facsimile resolutions for the Authority's three checking accounts in order to be able to use Dennis Hancock's facsimile signature, when appropriate.

Ms. Phillips moved to adopt the first resolution adding Authority Assistant Secretary Dennis Hancock to the Authority's list of authorized check signatories; Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-38

(attached)

Ms. Phillips then moved to approve the second recommendation by staff, adopting the slate of three facsimile signature resolutions, thereby adding Mr. Hancock as a signatory for the Authority's three checking accounts; Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF–39

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts a slate of three facsimile signature resolutions, adding Authority Assistant Secretary, Dennis Hancock, to the Authority's list of signatories for the Authority's Operating Checking Account, Trustee Fees Checking Account, and Mortgage Servicing Checking Account, respectively.

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; Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. FF-40

WHEREAS, the Authority has reviewed memoranda dated November 22, 2005, 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 $724,042.69, $17,201.67 and $44,234.12 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, Second Quarter APOLLO Report, Cash Flow Statement, and Legislative Advisory. He asked Steve Fillebrown to report on the latest findings of the APOLLO Report.

Mr. Fillebrown reported that profitability indicators have dipped in the last two quarters of 2005. Through June, the median operating margin was .51%, down from .97% at year-end 2004. The median profit margin was .96%, down from 1.46% at year-end 2004.

Liquidity measures are also slightly lower, with days cash on hand down to 76 days through June 2005 compared to 80 days at 2004 year-end. Receivables continued to decline, dropping by one day to 51, while payables were stable at 62 days. Leverage ratios improved, with debt to capitalization and debt to fixed assets having reduced.

Mr. Fillebrown stated that it appears that the boost provided by increased charity care and Medicare reimbursement that started in late 2004 has been overtaken by other factors. No one issue or problem stands out as the cause for the slow downward drift. Wage pressures and medical denials remain as concerns for hospitals but staff is not aware of any major industry trend that would explain the decline. Fortunately, charity care for State fiscal year 2006, which was slated for a $50 million decrease, was funded at 2005 levels so hospitals are not facing decreases in that funding source for the time being.

In the last APOLLO report, staff noted that despite improvements in profitability, days cash on hand continued to decline in 2004. Analysis of 2004 audited financial statements suggests that one reason for that decline could be continued high levels of capital spending. Staff estimates that New Jersey hospitals spent over $1 billion on property, plant, and equipment in 2004, an increase of about $100 million over 2003.

Mr. Fillebrown noted some differences in performance across New Jersey hospitals, stating that in the last six months, gaps in financial performance between various peer groupings have become more pronounced. For many ratios, the correlation between bed size, region, and income status has never been stronger, and while differences in liquidity and leverage may be slight, medians for profitability ratios for non-teaching hospitals are substantially below minor and major teaching facilities. Staff will be monitoring these differences to see if they are sustained over time.

Mr. Hopkins then presented his Executive Director's report, which included the following pieces of information:

1. The final Prevailing Wage Regulations were published in the New Jersey Register and became effective on November 21, 2005.

2. Trinitas Hospital has transferred the senior managing underwriting services on its upcoming bond financing from Legg Mason Wood Walker to Ryan Beck & Co. because the investment banker for the financing moved from Legg Mason Wood Walker to Ryan Beck. The Authority added Ryan Beck as a qualified Senior Managing Underwriter on September 22, 2005 as a result of the firm's recent addition of several senior investment banking and underwriting professionals from Legg Mason, who have extensive experience as senior manager of health care financings in New Jersey and elsewhere.

3. Project Manager Bill McLaughlin celebrated his fifth anniversary with the Authority this month, and was recognized for his service at the Authority's staff meeting. Mr. Hopkins added that the average level of seniority at the Authority is eleven years and ten months, which is a compliment to the Authority staff.

4. On November 10th, Jim Van Wart delivered a presentation to the Alliance for Action regarding the Authority's expected upcoming projects.

5. On November 4th, Mr. Hancock, Mr. Wart and Mr. Hopkins attended the New Jersey Educational Facilities Authority's Annual Conference on Higher Education Finance, which featured presentations on derivatives, Sarbanes-Oxley and Circular 230.

6. Governor Codey's Executive Order No. 41 mandated an ethics and fiscal controls training class for Authority Members and Executive Directors. On November 14th, Authority designee Ms. Kralik attended the class, while Mr. Escher, Ms. Phillips, Mr. Saginario, Mr. Tetelman and Mr. Hopkins attended the training class on and on November 21st.

Mr. Hopkins concluded his report stating that the Priuses, the new Authority vehicles, have been received by staff.

ADJOURN

As there was no further business to be addressed, Ms. Phillips moved to adjourn the meeting, Ms. Kralik seconded. The vote was unanimous and the motion was carried at 10:50 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 NOVEMBER 22, 2005.

Carole A. Conover
Assistant Secretary

AB RESOLUTION NO. FF-34

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

Equipment Revenue Note Program

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, the Authority's policy provides that the Authority may make determinations with respect to the method of sale, which will be utilized for two or more transactions, providing that the transactions are a part of a larger bonding program of similar issues; and,

WHEREAS*,* the Authority wishes to improve the efficiency of issuing bonds through its Equipment Revenue Note Program; and,

WHEREAS, financings completed through the Equipment Revenue Note Program must meet the following criteria: 1) the proceeds will only be used to acquire equipment or retrofit space to house equipment, 2) the bond-size does not exceed $15,000,000, and 3) the bonds are not publicly rated or credit-enhanced; and,

WHEREAS, financings meeting these criteria would generally be considered complex credits and would not benefit from a public offering; and,

WHEREAS, on October 23, 2003, the Authority initially approved the use of negotiated private placements for financings done through the Equipment Revenue Note Program by a resolution that must be renewed on a yearly basis; and,

WHEREAS, on November 23, 2004, the Authority reapproved the use of negotiated private placements for financings done through the Equipment Revenue Note Program by a resolution that must be renewed on a yearly basis; and,

WHEREAS, the 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 Financings instituted under the Equipment Revenue Note Program, through November of 2006, to conduct a negotiated sale on a private placement basis; 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.

AB RESOLUTION NO. FF-35

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

Southern Ocean County Hospital

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, Southern Ocean County Hospital has entered into a Memorandum of Understanding with the Authority to pursue a revenue bond financing (the "Financing"); and,

WHEREAS, Southern Ocean County Hospital has requested that the Authority consider approving the pursuit of a negotiated sale; and,

WHEREAS, Southern Ocean County Hospital is considering the issuance of variable rate bonds for all or a portion of the Financing; and,

WHEREAS, market conditions could be considered volatile; and,

WHEREAS, the Authority is desirous of being responsive to Southern Ocean County Hospital'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.

AB RESOLUTION NO. FF-36

A RESOLUTION AUTHORIZING AN AUTHORIZED OFFICER OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY TO CONSENT TO A REQUESTED CONVERSION OF THE LENGTH OF ANY ESTABLISHED VARIABLE RATE RESET PERIOD FOR VARIABLE RATE BONDS ISSUED BY THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY

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, as amended (N.J.S.A. 26:2I-1, et seq.) (the "Act"), for the purpose of ensuring that all health care institutions have access to financial resources to improve the health and welfare of the citizens of the State of New Jersey (the "State"); and

WHEREAS, the Authority is authorized under the Act to make loans to "health care organizations" for the construction of "projects" (as such terms are defined in the Act) and to issue its bonds for the purpose of carrying out its powers under the Act; and

WHEREAS, from time to time the Authority issues variable rate bonds pursuant to various issuing documents (the "Issuing Documents") and loans the proceeds thereof to various health care organizations (the "Borrowers"); and

WHEREAS, the variable rates are reset at varying intervals to determine interest rates for the Variable Rate Bonds (each such interval being a "Variable Rate Reset Period") as specified in the related Issuing Documents; and

WHEREAS, from time to time Borrowers may desire to change the length of a Variable Rate Reset Period, as may be permitted by the Issuing Documents; and

WHEREAS, the Issuing Documents may require that a Borrower obtain the consent of the Authority as a condition precedent to the effectiveness of a change in the length of a Variable Rate Reset Period; and

WHEREAS, the Authority desires to delegate to an Authorized Officer (as hereinafter defined) of the Authority the ability to consent to change in the length of a Variable Rate Reset period as such consent may be required by the related Issuing Documents.

NOW THEREFORE BE IT RESOLVED, by the Authority, as follows:

Section 1. Consent to Change the Length of a Variable Rate Reset Period. The Authority hereby delegates to the Chairman, Vice Chairman, Secretary, Treasurer, Assistant Treasurer, Executive Director or Deputy Executive Director of the Authority (each an "Authorized Officer") the authority to consent to a change in the length of a Variable Rate Reset

Period if such consent required by the Issuing Documents related to the variable rate bonds issued by the Authority and if so requested by a Borrower.

Upon such a request, an Authorized Officer is hereby authorized and directed to execute and deliver a certificate from the Authority in the form attached hereto as Exhibit A with such changes to such form as may be approved by counsel to the Authority (the "Form Consent") which Form Consent grants the Authority's consent to the change in the length of a Variable Rate Reset Period for variable rate bonds issued by the Authority.

Section 2. Incidental Action. The Authorized Officers of the Authority are hereby authorized and directed to execute and deliver such other documents and to take such other action as may be necessary or appropriate in order to effectuate the actions contemplated by this Resolution, all in accordance with the foregoing sections hereof.

Section 3. Prior Resolutions. All prior resolutions of the Authority or portions thereof inconsistent herewith are hereby replaced.

Section 4. Effective Date. This Resolution shall take effect ten (10) days, exclusive of Saturdays, Sundays and public holidays, after delivery (and not including the day of delivery) to the Acting Governor of the minutes of the meeting of the Authority at which this Resolution is adopted or such earlier time as Acting Governor signs a statement of approval, all in accordance with the subsection (i) of Section 4 of the Act.

EXHIBIT A

Form of Consent to Conversion of Auction Period

[TO BE PLACED ON LETTERHEAD OF THE NEW JERSEY
HEALTH CARE FACILITIES FINANCING AUTHORITY]

___________, 20__

[Trustee]

Re: New Jersey Health Care Facilities Financing Authority's Revenue Bonds Series ______ (the "Bonds")

Ladies and Gentlemen:

The Bonds have been issued by the New Jersey Health Care Facilities Financing Authority (the "Authority") pursuant to that certain [Trust Agreement] dated as of ______________ between the Authority and ____________________________, as trustee (the "Issuing Document;" all capitalized terms used herein and not otherwise defined shall have the meanings ascribed to such terms in the Issuing Document). The proceeds of the Bonds have been loaned by the Authority to ________________ (the "Borrower") pursuant to that certain Loan Agreement dated as of ______________________. Currently, the length of the variable rate reset period for the Bonds is a _____________ reset. The Borrower has requested and the Authority has agreed that the length of the variable rate reset period for the Bonds is to be changed to a __________ reset.

In accordance with the terms of Section _____ of the Issuing Document, we hereby consent to the change of the length of the variable rate reset period for the Bonds to be a _____ reset effective as of _____________, 20___.

Very truly yours,

NEW JERSEY HEALTH CARE
FACILITIES FINANCING AUTHORITY

By: _______________________________

AB RESOLUTION NO. FF-38______

RESOLUTION ADDING AN EMPLOYEE OF THE AUTHORITY WHO IS ALSO AN OFFICER OF THE AUTHORITY AS AN AUTHORIZED SIGNATORY FOR AUTHORITY PAYROLL CHECKS, OPERATING ACCOUNT CHECKS, TRUSTEE FEE CHECKS AND MORTGAGE SERVICING CHECKS

WHEREAS, the Authority's By-Laws require that "any checks upon moneys of the Authority shall be signed by any two members of the Authority who are also officers of the Authority"; and,

WHEREAS, on July 28, 2005, the Members of the Authority adopted facsimile signature resolutions and signature cards for the Authority's three (3) checking accounts containing only the names and signatures of Fred M. Jacobs, M.D., J.D. (the Authority's Chairman) and Gustav Edward Escher, III (the Authority's Treasurer/Assistant Secretary), because it was anticipated that between September 2005 and November 2005 the Members/Officers of the Authority whose terms have expired would be replaced with new Members; and,

WHEREAS, it has become apparent that new Members/Officers may not be appointed until sometime in 2006; and,

WHEREAS, the election of a new Governor has occurred, which may lead to vacancies in the Governor's Cabinet; and,

WHEREAS, the Authority's Chairman is by statute the Commissioner of Health and Senior Services, a member of the Governor's Cabinet; and,

WHEREAS, a vacancy in the Chairman's office would leave the Authority with only one signer on the account (Mr. Escher) thus making it impossible to sign payroll checks, operating account checks, trustee fee checks and mortgage servicing checks according to the Authority By-Laws that require two signatures from Authority Officers; and,

NOW, THEREFORE, BE IT RESOLVED, that the Authority not withstanding the By-Laws hereby adds Dennis Hancock, an employee of the Authority who is also an officer of the Authority (Assistant Secretary) as a second Authorized signatory on Authority checks to the extent required by the unavailability within a reasonable time period of any other authorized signatory to provide a second signature on Authority checks as required by the Authority's By-Laws; and,

BE IT FURTHER RESOLVED, that this resolution will be effective December 12, 2005 and will expire at the end of business on March 31, 2006.