

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on November 23, 2004 on the fourth floor of Building #4, Station Plaza, South Clinton Avenue, Trenton, New Jersey.

The following members, staff, and guests were in attendance:

Noreen White; Gus Escher; John Kerr, representing the Commissioner of Banking and Insurance; Frieda Phillips, representing the Commissioner of Human Services; Ed Tetelman representing the Commissioner of Health and Senior Services; Mark Hopkins, Dennis Hancock, Jim Van Wart, Suzanne Walton, Bill McLaughlin, Steve Fillebrown, Lou George, Susan Tonry, Michael Ittleson, Carole Conover, Ronald Marmelstein, Stephanie Zschunke, Authority Staff; Gary Blan, Peter Kisylia, Saint Clare's Hospital; Karen Mosner, Evergreen Financial Services; S. Landgraf, PNC; Francine Katz, Riker, Danzig, Scherer, Hyland & Perretti LLP; Bill Mayer, DeCotis, FitzPatrick, Cole & Wisler; Katherine Newell, Gluck, Walrath, LLP; Kari Fazio, Chris McCann, Wachovia Securities; Terry Dermody, Business & Governmental Insurance Agency; Rick Knowlden, National Union (AIG); Manny Fernandez, the Treasurer's Office; Victoria Pratt, Authorities Unit; and, Clifford T. Rones, Deputy Attorney General.

CALL TO ORDER

Noreen White 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 June 24, 2004 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 the 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

Ms. White stated that the minutes for the Authority's October 28, 2004 meeting had been distributed for review and approval. Ms. Phillips offered a motion to approve the minutes. Mr. Escher seconded. Ms. White voted yes, Mr. Escher voted yes, Mr. Kerr abstained, Ms. Phillips voted yes, and Mr. Tetelman voted yes. The motion carried and the minutes were approved.

CONTINGENT BOND SALE

Saint Clare's Hospital

Bill McLaughlin introduced Gary Blan, Chief Executive Officer and Peter Kisylia, Chief Financial Officer. Following the introduction, Mr. McLaughlin reminded the Members that staff had conducted informational presentation and TEFRA hearing at the October 2004 meeting and today he would be requesting approval of a contingent sale of bonds on behalf of Saint Clare's Hospital, Inc. (the "Hospital") in a total amount not to exceed \$110,000,000.

The proceeds will be used to: currently refund a total of approximately \$84 million of bonds consisting of the Saint Clare's Series 1994 bonds, the Dover General Series 1994 bonds and the

COMP Series 2003 A-4 bonds; fund the construction and renovation costs for projects at Dover, Denville and Boonton; fund the Debt Service Reserve relating to the Series 2004 bonds; and fund capitalized interest and pay related costs of issuance.

The bonds will be sold as fixed rate securities and will be credit-enhanced, with certain maturities secured by Radian Asset Assurance which carries a double A rating and the remaining maturities secured by MBIA which carries a triple A rating. Both series of 1994 bonds that are being refunded were originally credit-enhanced by MBIA, but MBIA was unwilling to secure the entire 2004 issue because it would have increased its exposure. Mr. McLaughlin added that the final commitment from MBIA was just received yesterday and that bond counsel had worked diligently to incorporate the commitment terms into the documents for today's meeting.

Mr. Tetelman asked if the 2004 bonds will receive a lower interest rate than the 1994 bonds being refunded by the transaction. Kari Fazio, of Wachovia Securities, stated that, while the net present value will essentially show no change in cost, the 2004 bonds will have lower interest rates than the refunded 1994 issues. Mr. Kerr asked if both Radian Asset Assurance and MIBA will provide coverage for the transaction to which Mr. McLaughlin stated that the transaction will have two series of bonds; Radian will represent one series and MBIA will represent the other. Mr. Kerr asked if the insurers will be receiving the same fee. Dennis Hancock replied that the insurers will receive different premiums.

SERIES RESOLUTION

William Mayer, Esq., of DeCotiis, Fitzpatrick, Cole & Wisler LLP stated that the Series Resolution authorizes the issuance of the tax-exempt Series 2004 Bonds in an aggregate principal amount, exclusive of original discount, not in excess of \$110,000,000 and at a fixed interest rate, with the maximum rate at 7.00%. The bonds will have a final maturity date of no later than July 1, 2028 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 Saint Clare's Hospital under a Loan Agreement, as evidenced and secured by two Notes issued pursuant to the provisions of a Master Trust Indenture and Supplemental Indentures. 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 23, 2005. The Series Resolution also approves the form of the Bonds, Official Statement, Loan Agreement, and Bond Purchase Contract. The Series Resolution confirms the appointment of Wachovia Bank, National Association as Bond Trustee and Bond Registrar for the Bonds. In addition, it authorizes the Authorized Officers to take any action and execute any document or give any consent required under the Series Resolution, Loan Agreement, or the Bond Purchase Contract.

Ms. White asked the members' pleasure with respect to the adoption of the Series Resolution. Mr. Tetelman moved that the document be approved. Mr. Escher seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. EE-44

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 AND REFUNDING BONDS, SAINT CLARE’S HOSPITAL, INC. ISSUE, SERIES 2004A AND SERIES 2004B”.

APPOINTMENT OF CO-MANAGING UNDERWRITERS

According to the Authority’s policy, “The Authority reserves the right to select firm(s), from its qualified list, to serve as co-managing underwriter(s) for its financings. Co-manager(s) will be selected by the Authority, based on demonstrated ability to distribute New Jersey securities of comparable credit quality, sufficient capital to participate in underwriting the issue, and borrower preference(s).” Mr. Hopkins reiterated that, as reported, the St. Clare’s Hospital transaction is anticipated to total approximately \$110 million. Wachovia Securities is the senior manager. Mr. Hopkins then recommended that the following co-managers be named, contingent upon their compliance with Executive Order No. 134, for the fixed rate Series 2004 A and B bonds which total approximately \$110 million: Merrill Lynch & Co.; Morgan Stanley; NW Financial Group; and, Powell Capital Markets, Inc. Mr. Escher offered a motion in support of appointing the firms, as recommended, Ms. Phillips seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. EE-45

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby appoints the following firms to serve as co-managing underwriters in connection with its issuance and sale of Series 2004 Bonds on behalf of Saint Clare’s Hospital: Merrill Lynch & Co.; Morgan Stanley; NW Financial Group; and, Powell Capital Markets, Inc.

Mr. Blan thanked the Authority staff and Members for their work on the financing. He added that there is great growth going on at Saint Clare’s and the Authority will be proud of the projects for which it has been able to provide.

TRANSMITTAL TO THE GOVERNOR

Upon a motion made by Mr. Escher, seconded by Mr. Kerr, the Assistant Secretary was authorized to execute a certified abstract of the minutes of this meeting and forward them to the Acting Governor with a recommendation that he approve all actions taken by the Authority with respect to the issuance and sale of its Health Care Facilities Revenue Bonds, (Saint Clare’s Hospital Inc., Issue), Series 2004 A and Series 2004 B.

NEGOTIATED SALE REQUEST

Equipment Revenue Note Program

Dennis Hancock reminded the Members that at the October 23, 2003 meeting of the Authority, Members approved the use of negotiated private placements for financings completed under the Equipment Revenue Note Program. A predetermination of the method of sale in this manner is permitted under Executive Order #26 and was requested by the Authority’s Advisory Panel in

order to provide for the completion of this type of transaction in a more efficient manner. However, Executive Order #26 requires that predeterminations be ratified annually. Therefore, staff recommends the Authority's approval for the continued use of negotiated private placements for the Equipment Revenue Note Program.

Mr. Tetelman moved to approve the continued use of negotiated private placements for all transactions issued through the Authority's Equipment Revenue Note program, and to approve the forwarding of a copy of the justification in support of said resolution to the State Treasurer; Ms. Phillips seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. EE-46

(attached)

DIRECTORS AND OFFICERS LIABILITY INSURANCE

Michael Ittleson introduced Terry Dermody from Business & Governmental Insurance Agency (the Authority's insurance broker) and Rick Knowlden from National Union (AIG). Mr. Ittleson then reported that the Authority's Directors & Officers ("D & O") liability policy, which expires on December 18th, was a one-year policy with a premium of \$141,640 plus a premium for terrorism related coverage of \$2,833. The limit of liability on the expiring policy was \$15 million with a \$50,000 retention level.

In obtaining premium quotes on a new policy, staff requested that the broker obtain premium quotes based on retention levels of \$50,000, \$100,000, \$250,000 and \$1,000,000. The rationale behind the higher retention levels was that, based on the Authority's claims experience of which there have been no claims to date, the Authority could see premium savings.

According to Mr. Ittleson, the broker approached eight insurance carriers and only National Union (AIG) responded with premium quotes. The other carriers declined to offer premium quotes based on the nature of our business or because their policy would have been more restrictive than AIG's with a higher premium cost. AIG provided premium quotes for a \$15 million and a \$20 million limit of liability at retention levels of \$50,000, \$100,000, \$150,000, \$200,000 and \$250,000. Depending on the particular retention level, the premiums on the \$15 million policy ranged from \$97,173 to \$118,262 and on the \$20 million policy they ranged from \$122,400 to \$150,901.

The AIG proposal contains the same terms and conditions as the expiring policy with two exceptions. The travel/accident endorsement that was added at no additional cost to the policy renewed on December 18, 2002 has been eliminated and a Crisis Communication Management endorsement has been added to the policy at no additional cost, beginning on December 18, 2004. Staff asked the broker to look into a stand alone travel/accident policy for the members of the Authority. Staff is currently covered for travel/accident under our workers compensation policy.

Even though the Authority's D & O policies have traditionally had a retention level of \$50,000, staff is recommending the one-year \$20 million limit of liability policy with a \$250,000 retention

level at a premium of \$122,400 plus the NJ surcharge of \$1,224 for a total payment of \$123,624. The policy would be effective December 18, 2004 to December 18, 2005. The new premium represents a decrease of \$18,377 from the expiring policy, however, staff feels that, based on the Authority's claims experience, increasing the retention level is affordable and cost effective at this point. Therefore, staff is recommending an additional \$5 million in coverage and increased the retention level by \$200,000.

Mr. Ittleson then asked the Members for their guidance as it relates to the addition of Terrorism coverage. The Terrorism Risk Insurance Act of 2002 requires that the insurance companies offer the coverage with all other policies and the Authority can choose to accept or decline the coverage. Based upon staff's recommendation for the D & O policy the premium for the Terrorism coverage would add an additional \$1,212.

Before discussing terrorism, Mr. Kerr asked if there were any savings in increasing the retention level to \$300,000, to which Mr. Ittleson replied that AIG only responded with quotes for up to a \$250,000 retention. The Members then discussed the terrorism coverage. Although the cost for the coverage is low, the Members, staff and the insurance agents had a difficult time identifying a circumstance in which the coverage would be needed. The Authority already purchases terrorism coverage through its general liability insurance and it was agreed that added terrorism coverage through the D & O policy would not be of use to the Authority or its Members.

Mr. Escher then asked if there is a difference between "retention" and "deductible", to which Deputy Attorney General Cliff Rones indicated that "retention" referred to retaining the risk and not acquiring other insurance to cover that amount. Mr. Hopkins explained that he would recommend segregating \$250,000 of available funds for this purpose. Mr. Escher then moved to approve a renewal of the Authority's Directors & Officers Liability insurance policy, without renewing a terrorism coverage portion; Mr. Tetelman seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. EE-47

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves a renewal of the Directors & Officers Liability insurance policy, as recommended by staff, excluding the renewal of terrorism coverage.

AUTHORITY EXPENSES

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

AB RESOLUTION NO. EE-48

WHEREAS, the Authority has reviewed memoranda dated November 23, 2004, 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 \$738,591.32, \$52,814.08 and \$82,617.21 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

Ms. White referenced staff reports that were distributed for review, including the Project Development Summary, Interest Rate Trends Graph, Cash Flow Statement, and Legislative Advisory. Steve Fillebrown then presented to the Members the following observations about the financial condition of New Jersey hospitals with respect to the Authority's Second Quarter APOLLO Report.

Mr. Fillebrown stated that, although second quarter numbers did not reverse the overall decline of the last 15 months, they were generally stable in comparison to first quarter results. Both median operating and profit margins were again lower than the previous quarter but the decline was slight. It should be noted that staff expected no improvements in the second quarter numbers since the charity care increase did not go into effect until August and the Medicare changes began October 1st. Most of the liquidity indicators were stable or slightly improved compared to the first quarter. Leverage ratios were also basically unchanged in the second quarter.

With the expected revenue boosts from increased charity care funding and Medicare wage index changes coming in the third and fourth quarters, and with the effect of the change in outlier payments expected to have run its course, there is chance for improvement by year-end. Mr. Fillebrown noted, though, that staff does not expect to see improvements in the third quarter but may see them in the fourth quarter of 2004.

Mr. Tetelman asked if staff has seen any change in forecasting due to recent creative hospital management tactics such as joint ventures with doctors. Mr. Fillebrown responded that cash flow is one area in which there has been improvement, however, joint ventures are probably not prevalent enough to show any impact. Mr. Tetelman asked if staff has seen any of the Authority's borrowers making great financial strides in the reports, to which Mr. Fillebrown stated that some facilities show dramatic improvements, but at the same time, others show significant slippage, so there is some remarkable movement, but it is not all for the better.

Mr. Tetelman then asked if there is any identifiable "Best Practices" associated with the dramatic improvements, for example patient management. Mr. Fillebrown stated that patient management is a key factor, noting that when a hospital consultant is hired, patient management is usually the first area addressed. Unfortunately, New Jersey lost out on an opportunity to be part of a Medicare experiment tying doctor incentives to hospital incentives with respect to length of stay. Some hospitals not included in the test group sought legal remedies and Medicare decided to cancel the experiment.

Mr. Kerr informed Mr. Fillebrown that the final installments of HIP Health Plan of New Jersey, Inc. and American Preferred Provider should be paid to the hospitals in the first quarter of 2005. He asked if this could positively affect the medians. Mr. Fillebrown stated that a 1% move in the statewide operating budget would require a shift of \$140 million, however, with the current statewide hospital operating margin of .11%, every dollar helps.

Mr. Tetelman asked how New Jersey compares with other states. Mr. Fillebrown stated that, in 1999, he referred to New Jersey as the canary for the industry, since it was affected by industry financial problems before most states, thereby demonstrating to the country the bad climate that would follow. Mr. Fillebrown stated that this is happening once again, however, New Jersey was also one of the first to rebound from the earlier financial troubles and will likely do so again.

Mr. Hopkins then began his Executive Director's report by congratulating Mr. Fillebrown for speaking at the SMITH's Research and Ratings 2004 Healthcare Finance Conference. He also congratulated Account Administrator Ron Marmelstein for having completed fifteen years of service with the Authority and announced that the Authority's next edition of the newsletter will be circulated in early December. In addition, Mr. Hopkins announced that he met with Raymond James & Associates to discuss their qualifications to serve as underwriter for Authority transactions.

Mr. Hopkins announced that he and Mr. Hancock met with the Department of Labor to work on the carrying out of legislation requiring the Authority to insist on prevailing wage compliance with respect the borrowers' projects. While the Authority is not tasked with following up on its borrowers to ensure adherence, it is obligated to insist that its borrowers follow prevailing wage requirements.

Mr. Rones will be working with the Deputy Attorney General assigned to the Educational Facilities Financing Authority to prepare the regulation language. Mr. Escher asked if there has been a determination of how much these requirements will increase costs for the borrowers, to which Mr. Hancock replied that the Authority's larger borrowers most likely already follow prevailing wage laws. However, when an organization that was working with the Authority on a recent issue was told it would have to comply with prevailing wage regulations, it increased the expected project costs from approximately \$30 million to approximately \$38 million to compensate for the increase. The project in question is a low-tech construction project.

Mr. Hopkins' final point of interest informed the Members that the Authority had hosted a CFO Advisory Panel session in which James S. Blumenstock (Deputy Commissioner of Health and Senior Services) and David Gruber (Assistant Commissioner for Health Emergencies Preparedness) discussed hospital emergency preparedness for terrorism. According to Mr. Hopkins, Mr. Blumenstock indicated that the Attorney General will be issuing a letter to New Jersey hospitals, starting with the ten trauma centers and one burn center, which will require the hospitals to assess their preparedness and provide an emergency preparedness plan to ensure the security of New Jersey's health care network. It had been considered by Authority staff, and was encouraged by the CFO panel, that the Authority create a financing vehicle to provide low cost capital to hospitals for terrorism upgrades.

Mr. Tetelman asked about the availability of Homeland Security funds for these projects to which Mr. Hopkins replied that Homeland Security funds will cover costs to create excess capacity networks, however, target hardening is not covered. Each hospital is responsible for its own plan. Mr. Kerr noted that the Department of Banking and Insurance pushes for the creation of emergency plans, which are referenced and reviewed in audits and/or management reports. Hopefully, these emergency plans can help ease some of the workload looming with respect to the terrorism emergency preparedness requirement. There were no further questions or comments. Ms. White thanked staff for preparing the reports.

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 matters and to receive advice from the office of the Attorney General. Ms. White stated that the results of the discussion would be made known at such time as the need for confidentiality no longer existed. Mr. Tetelman offered a motion to enter the session; Ms. Phillips seconded it. The vote was unanimous and the motion was carried.

AB RESOLUTION NO. EE-49

NOW, THEREFORE, BE IT RESOLVED, that, as permitted by the Open Public Meetings Act and the Authority's By-Laws, the Authority Members meet in Executive Session to discuss personnel 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.

EXECUTIVE SESSION

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

AB RESOLUTION NO. EE-50

NOW, THEREFORE, BE IT RESOLVED, that, as permitted by the Open Public Meetings Act and the Authority's By-Laws, the Authority Members meet in Executive Session to discuss personnel matters 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.

ADJOURN

As there was no further business to be addressed, Mr. Tetelman moved to adjourn the meeting, Mr. Kerr seconded. The vote was unanimous and the motion was carried at 11:37 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 23, 2004.

Dennis Hancock
Assistant Secretary

EXECUTIVE SESSIONS AUTHORITY MEETING

ATTENDEES: Noreen White; Gus Escher; John Kerr, representing the Commissioner of Banking and Insurance; Frieda Phillips, representing the Commissioner of Human Services; Ed Tetelman representing the Commissioner of Health and Senior Services; Mark Hopkins, Susan Tonry, staff; Clifford R. Rones, Deputy Attorney General; Manny Fernandez, Treasurer's Office; and, Victoria Pratt, the Authorities Unit.

1) CONTRACTUAL MATTERS and ADVICE FROM THE ATTORNEY GENERAL'S OFFICE

Advice was requested with regard to the potential change in the use of a captive on behalf of Raritan Bay Medical Center.

At this point, Ms. Tonry exited the Executive Sessions.

2) PERSONNEL MATTERS

Members and select staff discussed a proposal for compensatory bonuses to be issued to Authority staff. Mr. Tetelman made a motion to approve the recommended staff bonuses, Mr. Kerr seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. EE-51

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby delegates to the Executive Director discretion to distribute bonuses to certain Authority staff in the total amount already approved by the Board for the 2004 budget, in accordance with the discussions held with the board in Executive Session.

As there was no further business, a motion and a second were offered to exit this session. The vote was unanimous and the motion carried.

AB RESOLUTION NO. EE-46

**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 in an approval 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 October of 2004, 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.