



AUTHORITY NOTES

2012 SERIES A

MESSAGE FROM THE EXECUTIVE DIRECTOR

As the health care industry prepares for the implementation of many portions of healthcare reform, there is one provision from the American Recovery and Reinvestment Act that has already begun to make a mark in New Jersey. The legislation resulted in several grant programs including one that garnered an \$11.4 million grant awarded to the Authority on behalf of the State in 2010 for the purpose of creating regional Health Information Exchanges (HIEs) throughout New Jersey.



Mark Hopkins

Three HIEs emerged in New Jersey as subgrantees, as well as the State's Health Information Network.

Jersey Health Connect covers central and northern New Jersey and consists of 18 hospitals. The **Camden Exchange** focuses on Camden City and includes three hospitals. **Health-e-cITi**, centered around Newark, includes eight hospitals.

Each HIE responded to an RFP and was chosen by the State's Health Information Technology Commission based on the geographical area it was proposing to cover, the strength of the plan, the vendors involved and the number of participating hospitals. Another RFP is planned shortly to select a fourth HIE in the Southeast NJ region.

The HIEs consist of geographically close hospitals and can include physician provider groups and federally qualified health centers. Each exchange enables members to share patient information electronically, but securely, which will cut down on time lags in treatment as well as costs. For example, if an individual is in one hospital, but had tests done at a different hospital two weeks earlier, the current physicians will be able to access those test results and begin diagnosing and treating, rather than repeating the costly tests and delaying treatment.

While many health care providers throughout the state have begun imple-

(continued on page 2)

NJHCFFA WELCOMES NEW CHAIRPERSON

Authority Members and Staff bid a fond farewell to Authority Chairperson **Dr. Poonam Alaigh**, when she resigned as the Commissioner of Health and Senior Services on April 1, 2011.

"We are grateful for Commissioner Alaigh's leadership in the efforts to improve healthcare in New Jersey and her dedication to supporting the Authority during these challenging economic times," said Authority Executive Director Mark Hopkins.

Governor Christie nominated **Mary O'Dowd** as the new Commissioner of Health and Senior Services. She was confirmed by the Senate in June of 2011. In her role as Commissioner, she also serves



Commissioner O'Dowd

as Chair of the Authority. O'Dowd had previously served as Deputy Commissioner of Health and Senior Services since March of 2010 and Department Chief of Staff before that.

During her time as Deputy Commissioner, New Jersey significantly increased its financial support to hospitals through the Department's Charity Care program and also reformed the program to make it more equitable and predictable. As Chief of Staff, she managed a workforce of more than 1,800 employees and a budget of nearly \$3

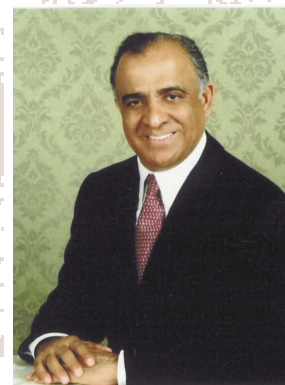
billion. In this role, O'Dowd shaped the Department's policy in the areas of health care delivery, senior services, public health and emergency preparedness.

Prior to joining the Department, she worked in financial management for the Emergency Department at NYU Medical Center.

"Mary O'Dowd brings a wealth of experience and knowledge to her role as Commissioner," said Hopkins. "We look forward to her leadership as the Chair of our Authority." §

CHANGES TO THE BOARD ANNOUNCED

In 2011, the Authority welcomed new Public Member **Dr. Munir Kazmir**, who heralds a lifetime of leadership as a CEO, entrepreneur, physician and philanthropist in the healthcare



Dr. Munir Kazmir

industry. He is the founder and CEO of Quality Home Care Providers, Direct Meds Pharmacies, Inc., and Easy Carry Inc. He has served on the Medicare Coverage Advisory Committee and The National Advisory Council for the Agency for Healthcare Research and Quality.

In his short time with the Authority, Kazmir has already become quite involved and even accepted the nomination as the Authority's new Treasurer.

(continued on page 2)

CHANGES TO THE BOARD ANNOUNCED

(continued from front cover)

In February of 2012, **Tom Considine** resigned as Commissioner of the Department of Banking and Insurance.

Governor Christie nominated **Ken**



Ken Kobylowski

Kobylowski to replace him in this position and he is currently awaiting Senate confirmation. In his role as Acting Commissioner, Kobylowski will also serve as an ex-officio Member of the Authority.

Before being nominated, Kobylowski served as Chief of Staff at the Department. The Authority welcomes him and looks forward to working with him in this new role.

Considine moved into the private sector, becoming COO of MagnaCare. Authority Members and Staff wish him luck and thank him for his service.

The Authority recently welcomed two new ex-officio designees:

Department of Human Services -

The Authority appreciates the service of **Eileen Stokley** who retired in May and welcomes the department's new designee, **Robert Bollaro**.

Department of Health & Senior Services - Bill Conroy will continue in his role as Deputy Commissioner; however **Joseph Lario** has assumed the role as the Commissioner's designee to the Authority.

Ulysses Lee, Public Member, resigned from the Authority in September of 2011 after accepting a job that prevented him from continuing to serve. He had been an Authority Member for over four years, serving at various times as its Secretary, Treasurer and Chair of the Finance Committee.

"Ulysses' contributions and expertise on health care finance, government procedure, insurance and law were of great value and will be missed," said Hopkins. "The Authority thanks him for his service and wishes him well in his future endeavors." As a result of Lee's departure, the Authority currently has one Public Member vacancy. §

MESSAGE FROM THE EXECUTIVE DIRECTOR

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menting electronic medical records (EMRs) for their own use, HIEs are being designed to connect each individual provider's EMR system. Each HIE chooses a platform vendor. That platform has the ability to pull information from Hospital A's EMR, and output the data into the EMR being used by Hospital B.

To date, there have been 29 distributions of grant funds to the HIEs and the State, totaling \$3.3 million. Grant funds reimburse HIEs for items such as hardware, servers, software, interfaces, staff salaries, legal services and project management costs. Grant recipients throughout the nation are working together to share best practices and are already exploring the issue of determining how to make the information sharing systems financially sustainable once grant funds have been exhausted.

Staff at the Authority is very excited about the progress made in 2011 and the fact that many health care providers have begun to use the HIE platforms by uploading their own data. The HIEs are now preparing for the steps later this year that will allow them to connect with each other to share information.

Response to these efforts has been overwhelmingly positive. There are hospitals that serve the same geographic area, and would be seen as competition. Yet, they still come together to collaborate and find the best methods to share vital information which ultimately benefits the patient. The HIEs have input from the highest levels of each participating hospital, with senior level executives attending meetings and showing their support of the initiative.

The Authority looks forward to all of the milestones these HIEs are poised to reach in 2012. On a larger scale, we are excited about the work of the NJ Health Information Network which is currently in the planning stages to create a State "backbone" that would connect all of the regional HIEs.

We are proud of the efforts of all of the hospitals involved in these burgeoning HIEs and appreciate all of the work that is being done in their IT departments today to improve the lives of New Jersey's patients tomorrow.

FINANCING NOTES

Atlantic Health System

On May 17, 2011, the Authority issued \$130.5 million of bonds on behalf of AHS Hospital Corp. which is a subsidiary of Atlantic Health System (AHS). AHS Hospital Corp. is a not-for-profit organization that operates three hospitals: Morristown Medical Center in Morristown, Overlook Medical Center in Summit and Newton Medical Center in Newton.

Proceeds from this sale were used to refund AHS's outstanding 1997 Newton Bonds and provide for the acquisition of capital budget items including the ER & parking garage at Morristown and neuroscience services at Overlook, as well as acquisition and installation of equipment at their three campuses.



Overlook Medical Center

The final structure had serial bonds from 2012 through 2022 and term bonds maturing in 2026, 2031, 2037 and 2041. They had an all-in True Interest Cost of 6.09%.

Saint Peter's University Hospital

The Authority issued \$100,640,000 of bonds on behalf of Saint Peter's University Hospital on August 9, 2011. The proceeds of the Series 2011 bonds, together with other funds, were used to finance the costs of refunding all of the Authority's outstanding Series 2000A, 2000B and Series F Bonds; financing and reimbursing capital expenditures related to the renovation and equipping of portions of the hospital's facilities; funding a debt service reserve; and paying the related costs of issuance.

(continued on page 3)



Saint Barnabas Medical Center

Barnabas Health

The Authority issued \$450 million in bonds on behalf of Barnabas Health on November 10, 2011.

The bonds were issued in three series: the Series 2011A fixed rate revenue bonds (\$370 million), the Series 2011B variable rate revenue

bonds (\$37,010,000), and the Series 2011C variable rate, federally taxable revenue bonds (\$42,990,000). The proceeds of the bonds were used to provide funds to refinance a draw on a line of credit used to purchase a portion of Barnabas' Series 2001B auction rate bonds; refund the remaining 2001B bonds (approximately \$8 million); refund all of the Series 2001A variable rate bonds; refund portions of Barnabas' callable fixed rate debt; fund a tender offer for a portion of its Series 2006B capital appreciation bonds; fund approximately \$42 million of capital improvements; fund a debt service reserve; and pay costs incidental to the issuance and sale of the bonds.

The Authority issued the Series 2011A fixed rate bonds with yields ranging from 1.7% to 5.75% and an all-in True Interest Cost of 5.36%.

Meridian Health

On December 21, the Authority issued \$200,595,000 of fixed rate bonds on behalf of Meridian Health System. Meridian operates four hospital divisions: Jersey Shore University Medical Center, Ocean Medical Center, Riverview Medical Center and Southern Ocean Medical Center. Through a subsidiary, Meridian also operates Bayshore Community Hospital.

The proceeds of the Series 2011 bonds, together with other funds, were used to provide funds to currently refund and redeem all of the Jersey Shore Medical Center Obligated Group Issue, Series 1994 bonds; the Southern Ocean County Hospital Issue, Series 1997 bonds; the Meridian Health System Obligated Group Issue, Series 1999 bonds; and the Southern Ocean County Hospital Issue, Series 2001 bonds; and to pay certain costs incidental to the issuance and sale of the Series 2011 bonds.

The structure included serial bonds from 2012 through 2027 with interest yields ranging from .68% to 4.54% and an all-in TIC of 3.89%. Wells Fargo made an offer to underwrite at these rates and the hospital and the Authority accepted the offer. This refunding generated a net present value savings of over \$29 million, or 12.35%, of the refunded bonds.

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The transaction resulted in serial bonds from 2013 through 2021 and term bonds in 2026 and 2035. The transaction ended up with serial coupons at 5% and yields ranging from 2.35% to 5.33%. The 2026 term bond had a coupon of 6% and a yield of 6.05% and the 2035 had a coupon of 6.25% with a yield of 6.38%. The all-in True Interest Cost came in at 6.13%.

The refunding generated a present value savings of \$2.1 million or 5.86% on the Series A bonds and \$604,630 or 2.29% on the Series F bonds. There was a dissavings on the Series B variable rate bonds but the intent was to eliminate the previous structure rather than to generate savings.

Virtua

In September of 2011, the Authority issued \$47,085,000 of bonds on behalf of Virtua through a private placement with PNC Bank. Virtua entered into a rate lock with PNC, which set interest rates for the bonds at 1.062% for a 2014 maturity and 1.956% for a 2018 maturity.

The proceeds of the financing were used to refund a portion of the Series 1998 bonds the Authority issued on Virtua's behalf and pay the related costs of issuance. The private placement generated approximately \$4 million in present value savings, or 8.48% of the refunded bonds.



Virtua Voorhees

NJHCFFA STAFF NOTES



Appreciation

At the November Board meeting, the Authority presented a Resolution of Appreciation to **Sue Tonry** who had served the Authority as Assistant Division Director of Research, Investor Relations and Compliance before leaving her position to fight a courageous battle with cancer. She is pictured here with Deputy Executive Director **Stephen Fillebrown**.

Anniversaries

The following Staff Members celebrated anniversaries in 2011 and the beginning of 2012:

30 Years

Lou George - Director of Project Management

25 Years

Stephen Fillebrown - Deputy Executive Director and Director of Research, Investor Relations and Compliance

Michael Ittleton - Controller

Suzanne Walton - Senior Project Manager

20 Years

Lorraine Donahue - Office Management Assistant

10 Years

Robin Piotrowski - Human Resources Manager

Retirements

In 2011, the Authority said goodbye to **Wanda Lewis**, Senior Account Administrator and **Priscilla Copper**, Administrative Assistant in the Division of Research, Investor Relations and Compliance. We wish them luck with all of their future endeavors.

Welcome

Welcome to the newest Authority Staff Members:



Linda Hughes

Chris Kulick

Linda Hughes – Communications Specialist

Chris Kulick - Accountant

Ellen Lieber - Assistant Account Administrator

Neetu Thukral – Assistant Account Administrator



Ellen Lieber

Neetu Thukral

Promotions

Congratulations to these Authority Staff Members who have taken on new roles:

Staff Member	Former Title	New Title
Ron Marmelstein	Senior Account Administrator	Director of Operations and Finance
Arvella "Archie" King	Compliance Manager	Asst. Division Director of Research, Investor Relations and Compliance
Taryn Jauss	Database Administrator	Compliance Manager
Jessica Waite-Lucas	Assistant Account Administrator	Account Administrator
Edwin Fuentes	Assistant Account Administrator	Account Administrator

In Memorium



Lori Jefferson

On January 15, 2012, the Authority unexpectedly lost **Lori Jefferson**, who had served as the Health Information Technology Project Manager. She will be missed

terribly and we extend our condolences to her family and friends.

Congratulations

Tammy Romsdahl, Administrative Assistant, and her husband Ray welcomed their son Eivand on June 21, 2011. They are expecting another baby this summer.

Kerry Cook, Administrative Assistant, received her certification in massage therapy in September of 2011.



Kerry Cook

CAPITAL ASSET LOANS

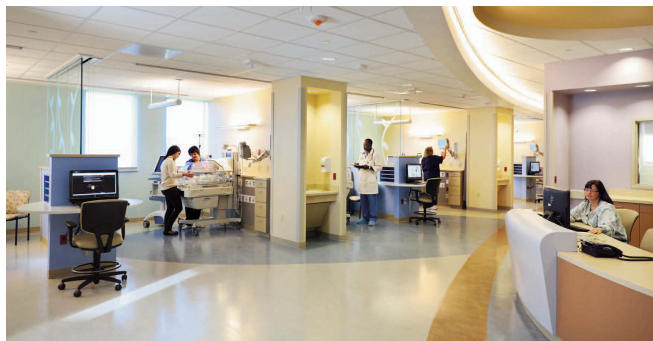
South Jersey Hospital, Inc.

In November of 2010, the Authority approved a \$30,000,000 Capital Asset Program (CAP) loan for South Jersey Hospital, Inc. to finance several construction/renovation projects and to reimburse the hospital for previously acquired capital equipment. The loan closed on March 1, 2011.

South Jersey Hospital, Inc. currently operates two acute care hospitals: the South Jersey Healthcare Regional Medical Center (the "RMC") in Vineland, Cumberland County, and the South Jersey Healthcare Elmer Hospital ("Elmer") in Elmer, Salem County, with a total licensed bed capacity of 421 beds. It has also signed a merger agreement with Underwood-Memorial Health System.

The proceeds of the loan were used to finance the expansion and renovation of the existing Level II nursery to become a Level III Neonatal Intensive Care Unit ("NICU"), including the addition of six bassinets; to renovate an existing building on campus to house the medical center's Program for All-inclusive Care to the Elderly (PACE); reimburse the medical center for capital equipment; and pay the related costs of issuance.

JPMorgan Chase Bank approved the loan subject to South Jersey Hospital, Inc. providing a note under their Master Trust Indenture. The loan was secured on parity with the existing bondholders and noteholders which included a pledge of gross receipts of the Obligated Group and a mortgage on the Regional Medical Center.



South Jersey Healthcare NICU

Englewood Hospital and Medical Center

In February of 2011, Englewood Hospital and Medical Center received



Englewood Hospital and Medical Center

approval for a CAP loan in the amount of \$10 million to provide funds to finance and reimburse the medical center for various capital budget items including, but not limited to, a magnetic resonance imaging machine, infusion pumps, a telemetry system and IT equipment.

Englewood Hospital and Medical Center is a 520-licensed bed, acute care facility located in Englewood. Its service area is primarily comprised of the 22 towns situated in the northern valley of Bergen County and residents in northern Hudson County and southern Rockland County, New York.

In addition to providing general acute care services, the medical center is one of the primary teaching affiliates of the Mt. Sinai School of Medicine in New York. The affiliation brings to the medical center residents in surgery, pediatrics and pathology, as well as critical care medicine fellows. Englewood Hospital also offers a broad range of clinical programs including the nationally-renowned Breast Care Center, the pioneering Institute for the Advancement of Bloodless Surgery and Medicine, the state's top-ranked Heart and Vascular Institute, the Family Birth Place and, in September of 2009, it completed construction of a new

state-of-the-art Emergency Care Center.

JPMorgan Chase Bank, provider of the credit and liquidity support for the CAP Program, performed an independent credit analysis and approved the loan subject to the medical center providing a first priority security interest in the equipment being financed with the loan proceeds.

Chilton Hospital

In November of 2011, Forrest S. Chilton III Memorial Hospital, Inc., commonly referred to as Chilton Hospital, closed on a CAP loan in the amount of \$6 million to provide funds to finance upgrades to their information technology system, purchase capital medical equipment, and pay related financing costs.

Chilton Hospital is a 236-licensed bed, not-for-profit acute care community hospital located in Pompton Plains, Morris County. The hospital serves residents



Chilton Hospital

from more than 33 communities in Morris, Passaic, Sussex, Bergen and Essex counties and provides medical, surgical, intensive care, ob-gyn and pediatric services on an inpatient basis as well as outpatient and emergency services.

JPMorgan Chase Bank approved the seven-year loan subject to the hospital providing a note under its existing Master Trust Indenture, which was secured by a pledge of gross revenues and a mortgage on the hospital facility. §

FINANCING NOTES

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AtlantiCare Health System

In January of 2012, the Authority issued \$39,325,000 of bonds on behalf of the AtlantiCare Regional Medical Center Obligated Group through a private placement with Wells Fargo Bank. The proceeds of the bonds were used to refund the Authority's Variable Rate Composite Program Series 2005 A-1 revenue bonds; to refund the Authority's Variable Rate Composite Program Series 2006 A-1 revenue bonds; and to pay the related costs of issuance.

The financing was structured with one nominal maturity in 2031 subject to sinking fund redemption in part during each year commencing in 2012.

The bonds are multi-modal and were issued in the direct purchase rate mode at a 2.11% interest rate for an initial seven-year term. After the initial term, the bonds are subject to mandatory tender or a renegotiation of the terms.

AtlantiCare is a 575-licensed bed acute care hospital system, which operates two divisions - the City Division, which is located in Atlantic City, and the Mainland Division, which is located in Pomona.

St. Luke's Warren Hospital

The Authority issued \$42,150,000 on behalf of St. Luke's Warren Hospital in January of 2012. The institution, formerly known as Warren Hospital, was acquired by St. Luke's Hospital of Bethlehem, PA that same month.

Proceeds of the bonds were used to finance a portion of the costs of completing the acquisition of all of the ownership interests of Warren Hospital by St. Luke's Hospital. The Series 2012 bonds were issued and delivered to Allstate Insurance Company via a direct placement in exchange for all of the Authority's out-

standing Warren Hospital Series 2008A and Series 2008B (taxable) bonds. All of the Series 2008A and Series 2008B bonds were cancelled and extinguished upon the issuance and delivery of the Series 2012 bonds. Both the funding of the debt service reserve fund for the Series 2012 bonds and the payment of all related costs of issuance were accomplished using monies available from an equity contribution made by St. Luke's Warren Hospital in connection with the transaction.

St. Luke's Warren Hospital is a 214-bed, not-for-profit general acute care hospital located in Phillipsburg. §



St. Luke's Warren Hospital



NJHCFFA MEMBERS

Ex-Officio Members

Mary O'Dowd
Commissioner of
Health & Senior Services

Jennifer Velez, Esq.
Commissioner of Human Services

Ken Kobylowski, Esq.
Acting Commissioner of Banking & Insurance

Public Members

Gustav E. Escher, III
Suzette T. Rodriguez, Esq.
Dr. Munr Kazmir

The Authority currently has one
Public Member vacancy.

NJHCFFA SENIOR STAFF

Mark E. Hopkins
Executive Director

Stephen M. Fillebrown
Deputy Executive Director,
Director of Research, Investor Relations and Compliance

Ron Marmelstein
Director of Operations and Finance

Louis R. George
Director of Project Management

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