The New Jersey Health Care Facilities Financing Authority:

Working to Ensure that all of New Jersey's Health Care Organizations Have Access to Financial Resources to Improve the Health and Welfare of the Citizens of the State

2006 Annual Report

Table of Contents:

Salute from the Governor

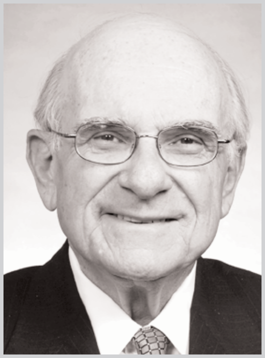
Governor
Jon S. Corzine

"Our health care providers face significant financial challenges today. Fortunately for New Jersey residents, an organization with the drive and capability of the New Jersey Health Care Facilities Financing Authority has been working to strengthen the financial viability of our health care system.

Going beyond its traditional mission to provide New Jersey's health care organizations with low-cost access to capital, the Authority has helped create legislation that expands the State's ability to aid our more ailing facilities through a broadened use of the Hospital Asset Transformation Program. Further, the Authority has been a key facilitator of the *Commission on Rationalizing New Jersey's Health Care Resources*, a project of special importance to my Administration as we seek to provide the necessary tools to properly allocate for our state's health care needs.

I commend the New Jersey Health Care Facilities Financing Authority for fulfilling its mission and for going above and beyond the traditional role of a financing authority in its efforts to fortify New Jersey's health care system."

Statement from the Chairman



Commissioner Fred M. Jacobs, M.D., J.D.

"New Jersey's health care providers are faced with the tremendous responsibility of balancing the current financial turbulence with the need to maintain modern facilities. In order to provide the highest quality of care, New Jersey's health care infrastructure must benefit from the latest technology, equipment and advances in medicine. The expansion of services to include more wellness clinics, heart hospitals and cancer centers allows New Jersey's health care network to maintain its centers of excellence and remain competitive.

The New Jersey Health Care Facilities Financing Authority (the "Authority"), which provides low-cost capital to facilities to improve the health of residents, issued more than $800 million in bonds in 2006, nearly double its issuance from the previous year. The Authority's 2006 bonds benefited fourteen borrowers, exceeding the nine served in 2005.

On behalf of the Department of Health and Senior Services, I offer my congratulations to the Authority and its staff for working so tirelessly to structure its transactions to best fit the needs of each individual borrower. The financial services provided by the Authority enable New Jersey's health care facilities to modernize their physical plants and services so that patients receive the highest quality care in state-of-the-art facilities."

Message from the Executive Director

Executive Director
Mark E. Hopkins

"The year 2006 was an interesting one for the Authority. For the first nine months, business was very quiet and it looked like it would be one of the Authority's slowest financing years in recent history. Though activity began to pick up in the fall, it was difficult to tell which transactions would close within the year. By the start of November, the Authority had issued only $285 million of bonds. That tide quickly turned.

Between November 8th and December 31st, the Authority issued $527,784,654 of bonds on behalf of ten different borrowers. The two-month boon helped the Authority finish 2006 with its highest bond issuance in eight years.

In accordance with the wishes of our borrowers, staff worked vigorously to close deals by year-end. As a result, 65% of the Authority's 2006 bond dollars were issued in just seven and a half weeks. I commend staff for the late nights, extra hours, and tremendous acuity and organization put forth to orchestrate the tightly scheduled closing of over half a billion dollars in bonds.

Further, the Authority also spent the latter half of the year working extensively on two complex projects, namely the sale of PBI Regional Medical Center and a financing for Trinitas Hospital, both of whose related bond issues wouldn't close until 2007.

Lastly, while all this was going on, the Authority became actively involved in the *Commission on Rationalizing New Jersey's Health Care Resources* [Executive Order No. 39 (Corzine)]. Staff distributed a Request for Proposals seeking a consultant to help the Commission with its task to ensure that the State's supply of health care services is best configured to deliver high-quality, affordable and accessible care to all of New Jersey. In late November, Navigant Consulting was hired.

It seems the quiet start of 2006 was just the calm before the storm, and what a long storm it turned out to be! The eventful second half of 2006 set a pace that continued in 2007 with an even broader scope of activity. I am excited by the new and inventive ways with which the Authority continues to surmount the financial hurdles of the State's health care system, and I look forward to further work with the Corzine Administration and the Department of Health and Senior Services as we collectively confront our borrowers' and bondholders' concerns."

Raising the Bar on Health Care Finance

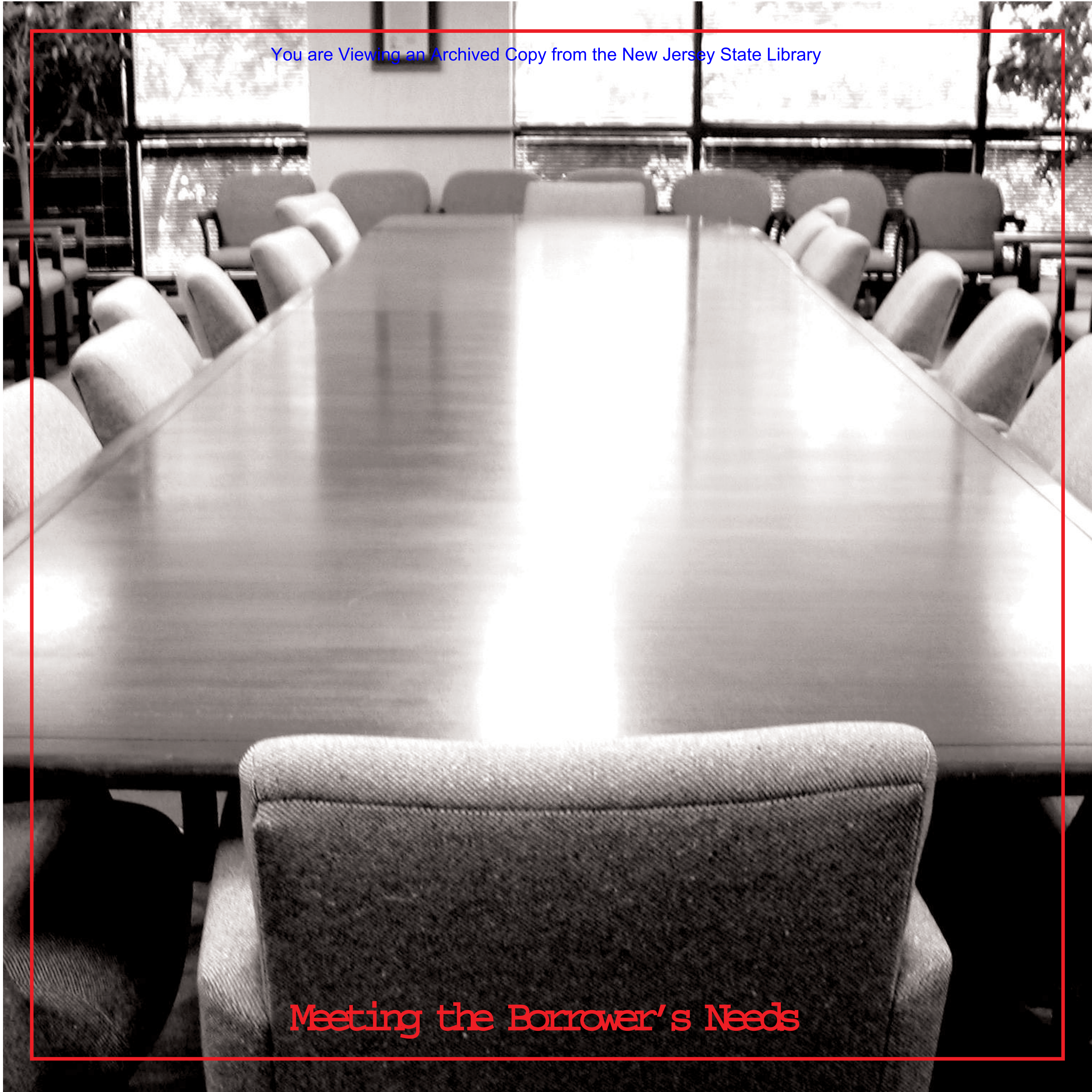
What is the Authority's primary role?

The New Jersey Health Care Facilities Financing Authority is the State's primary issuer of municipal bonds for health care organizations. It was created in 1972 by an act of the State Legislature (New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c. 29) for the purpose of ensuring that New Jersey's not-for-profit health care providers have access to low-cost capital.

In 1998, the Authority's statutory powers were expanded to include financing for all health care organizations or components thereof. As a result, while most of the Authority's financings have been for acute care hospitals, it has also provided capital for nursing homes, assisted living facilities, specialty hospitals, home health agencies, mobile intensive care units, outpatient centers, rehabilitation centers, homes for multi-handicapped individuals and health maintenance organizations. Because of its expanded legislation, the Authority can also finance other types of health care organizations regardless of their tax status such as continuing care retirement communities, management service organizations, blood banks, hospices, day care facilities and any organizations related thereto.

Over the last 15 years, the Authority has been the third most prolific issuer in New Jersey, having issued the third highest amount of bonds in the state. Over the same period, it ranked 67th nationwide in the amount of bonds issued and sixth among issuers of primarily health care bonds. Over 140 health care organizations throughout New Jersey have used the Authority to get access to low-cost capital.

The Authority can issue both federally tax-exempt and taxable bonds. The interest on all bonds issued by the Authority is exempt from New Jersey taxation.



Meeting the Borrower's Needs

What makes this Authority standout?

In every industry, an organization must adapt to changing times and marketplaces. In 2006, the Authority began to take new shape as a more flexible financing authority that goes the extra mile to meet a borrower's special needs. Part in response to the environment of widespread hospital financial strife and complex finance structures, and part in response to more open-minded Authority Members and staff, an evolution began in 2006. The Authority transitioned from an organization that worked to format transactions into fast-moving pre-ordained structures to an agency that works case-by-case with each borrower to custom fit the best financing options to suit their needs.

One such example is the Authority's bifurcated Hunterdon Medical Center transaction. Rather than making the Medical Center wait for delayed but certain State permits to be granted, the Authority designed a two-fold transaction. Bonds were issued to provide proceeds for parts of the project unaffected by the delayed permit in January's Series 2006A; the rest of the project was funded through bonds issued in December's Series 2006B. More flexible financings such as this would become more prevalent extending into 2007 as the Authority's staff and Members became more innovative in response to the complex market.

Diagnosing New Jersey's Health Care System

How does the Authority look at the big picture?

The Authority has been taking the financial temperature of New Jersey's hospitals for almost two decades through its APOLLO system, an Authority designed and maintained database. Some of the information collected can be used to help diagnose a health care provider's area of weakness that, if improved, could boost its bottom-line. The data can also raise a red flag for future financial struggles for a given hospital.

Over the past few years, APOLLO has become an important tool used by the State Department of Health and Senior Services to evaluate the financial viability of New Jersey's health care organizations. The data is also analyzed in-house to monitor trends in the overall financial performance of the state's health care providers.

In 2006, the Authority expanded its diagnostic role through its involvement with the *Commission on Rationalizing New Jersey's Health Care Resources*, created by Governor Jon S. Corzine's Executive Order No. 39. In addition to soliciting, selecting and funding the Commission's consultant (Navigant Consulting), the Authority's offices host and provide support for the Commission's meetings. Also, senior staffers Mark Hopkins and Steve Fillebrown maintain an active presence at the Commission's meetings.


Building Better Health Care in New Jersey

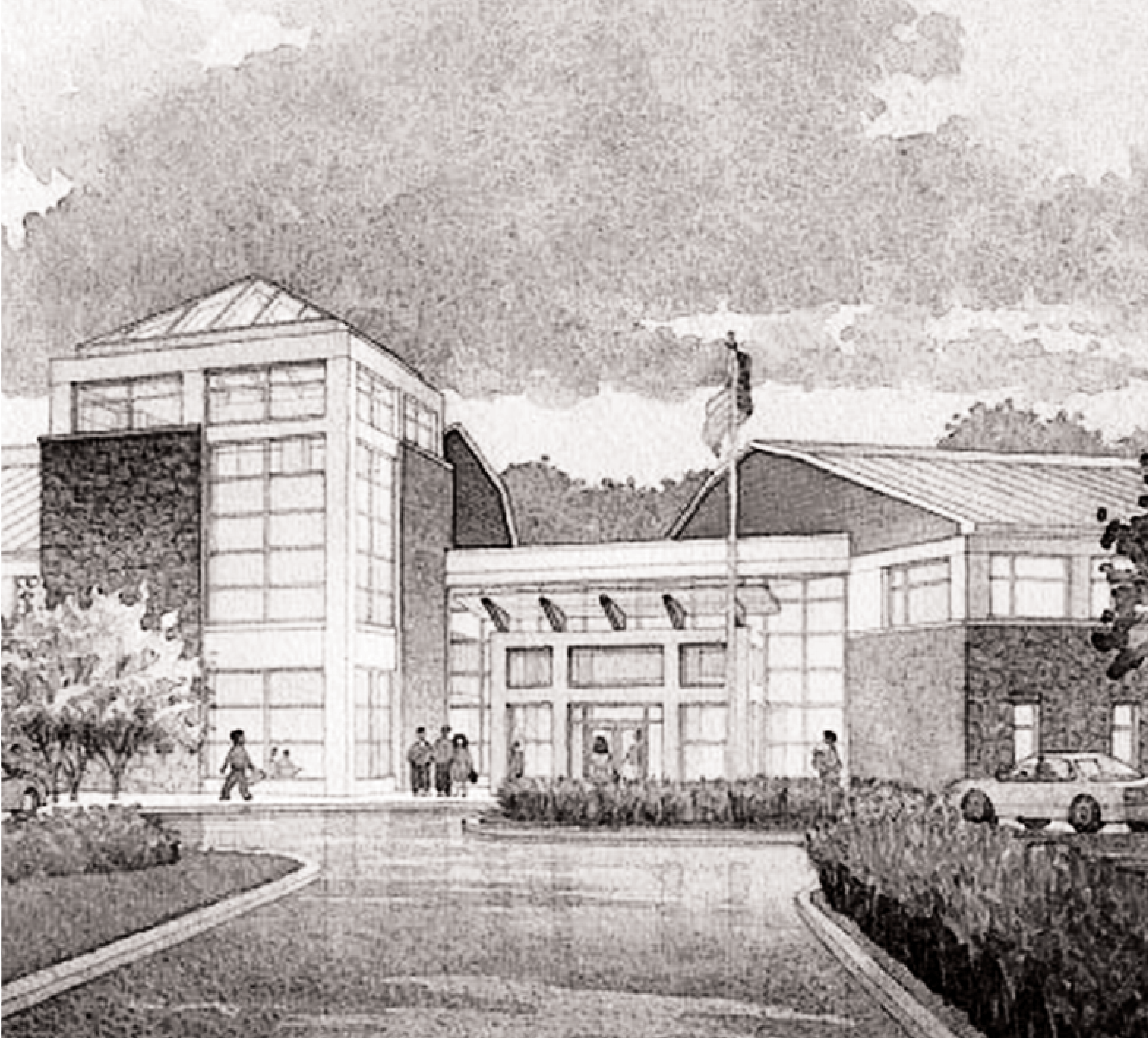
What did the Authority finance in 2006?

In 2006, the Authority issued bonds in the amount of $813,674,654 on behalf of 14 health care organizations. Five of those borrowers issued bonds simultaneously through the Authority's Variable Rate Composite Program.

Funds generated from the issues were used as follows: 62% for construction, renovation, and/or acquisition projects across the state, 30% for refinancing, 2% for financing fees, 4% for debt service reserves, and 2% for capitalized interest. While in 2005, only one out of eleven series involved a refinancing; in 2006, eight out of eighteen issues included a refinancing piece.

Regarding the interest rate structures used in 2006, ten of the year's eighteen series (representing $316,110,000 or 39% of the bonds) used a variable interest rate structure, of which two (for a total of $179,850,000 or 22% of the Authority's 2006 bonds) were auction rate transactions. This is a slight increase from 2005, when approximately 28% of the bonds issued by the Authority used a variable or auction rate structure.

The Authority's 2006 issues are further detailed in the pages that follow.



Rendering of Hunterdon Medical Center's health and wellness center being constructed with the proceeds of Authority bonds issued in 2006

Hunterdon Medical Center Story, Part I

On January 5, 2006, the Authority closed a $22,500,000 bond transaction on behalf of Hunterdon Medical Center ("Hunterdon"). The hospital had originally requested an issuance of approximately $35 million in bonds for expected construction projects, however, a portion of those funds were designated for a project that was contingent upon a State permit. The estimated timeline for the approval of this permit could not be determined.

Instead of potentially delaying the funds needed for the hospital project, it was decided that the issuance could be broken up into two series to accommodate for the difference in contingencies. This format proved extremely helpful, as the permit was not secured until much later in the year. Despite the delay, the Series A bonds were able to go to market in January, raising $22.5 million in proceeds for Hunterdon's use on the portion of the project not affected by the State permit.

Yet, one hang up still remained. At the time of the bond sale's approval by the Authority, Hunterdon had received planning board approval for the parking garage, however, the appeal period was not over. This was overcome by language in the Series A Series Resolution requiring that the appeal period lapse without an appeal before the preliminary official statement could be mailed.

The proceeds from the Series A bonds were used to: construct a parking garage on Hunterdon's main campus; improve Hunterdon's core buildings; acquire capital equipment; refinance a taxable bank loan; and reimburse Hunterdon for pre-construction costs related to the construction of a health and wellness center.

- Delivery Date:	**January 5, 2006**
- Final Maturity:	**July 1, 2035**
- Ratings:	**"A-" by S&P, and "A" by Fitch**
- Security:	**Master Trust Indenture note, amounts on deposit in Trustee held accounts, mortgage lien on hospital property and gross receipts pledge**
- All-in True Interest Cost:	**5.17%**

Rendering of AHS' Heart Hospital being constructed with the proceeds of Authority bonds issued in 2006

The Atlantic Health System Story

On May 10, 2006, the Authority closed a $150,000,000 financing on behalf of Atlantic Health System ("AHS").

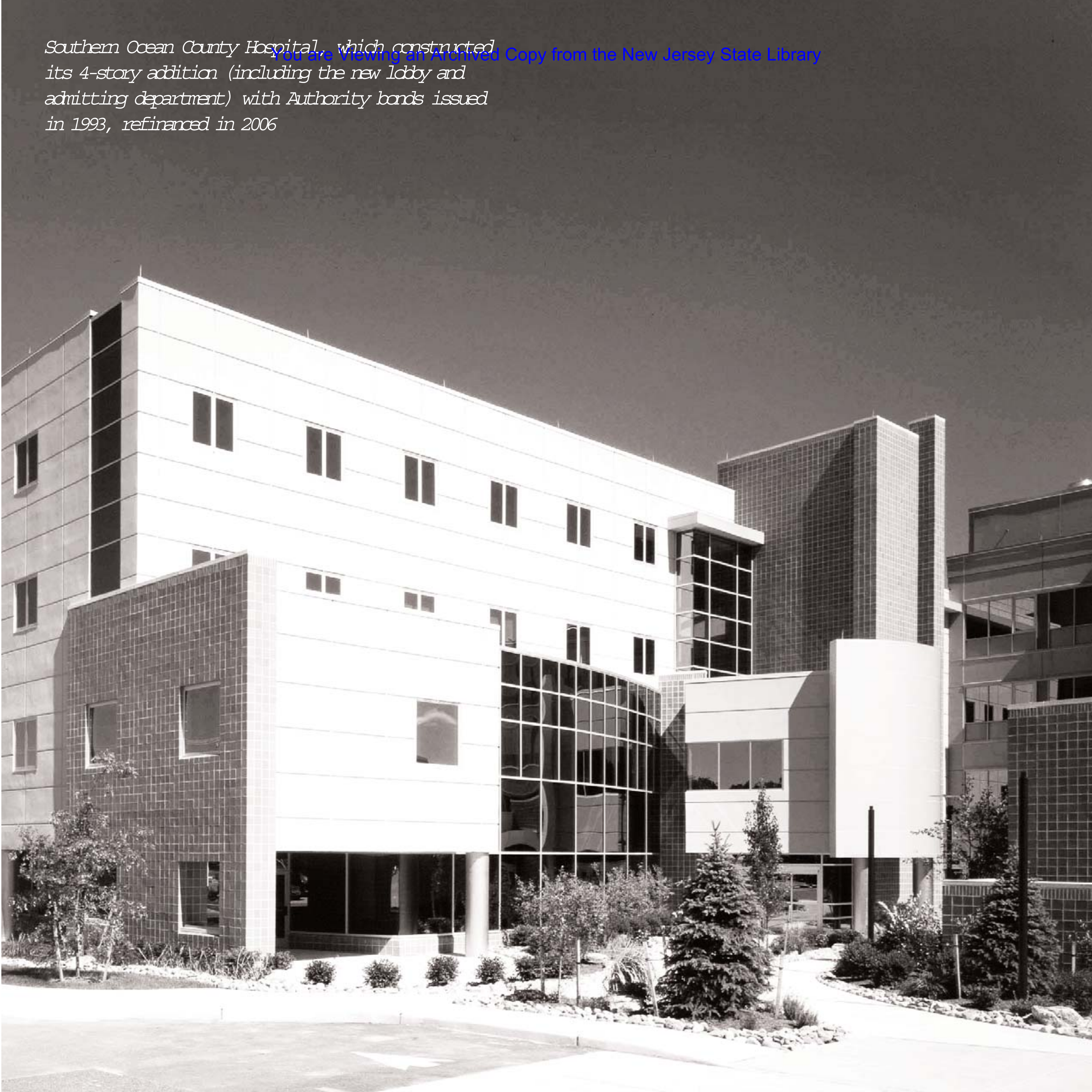
The proceeds of the financing were used for the "Heart Hospital," a major construction project at AHS' Morristown Memorial Hospital involving a new five-story facility and three new patient floors on top of an existing structure. The funds were also used to expand the main lobby of the facility, construct a "chiller plant" to provide cooling capacity and emergency power, expand an existing parking deck, and construct a new five-story parking garage. The project will add 60 licensed beds to the Morristown hospital.

The proceeds also funded a disaster recovery project at AHS' Overlook Hospital, including the purchase of hardware and software and any necessary renovations to accommodate such equipment.

Goldman, Sachs & Co. was the underwriter for the transaction. Structured in a multi-modal format, the bonds were initially issued in Periodic Auction Reset Securities ("PARS") rate mode. PARS is the proprietary name for Goldman Sach's auction rate securities. The AHS bonds began with weekly auctions, in which half of the bonds were auctioned on Tuesdays and half on Wednesdays. Staggered auctions provide further flexibility.

After a May 2nd order period, Goldman Sachs found sufficient interest to purchase the bonds at an initial interest rate of just 3.65%. After the first week's auctions, the rates were lowered to 3.55% (Tuesday) and 3.50% (Wednesday). The securities were issued in $25,000 denominations.

- Delivery Date:	**May 10, 2006**
- Final Maturity:	**July 1, 2036**
- Ratings:	**"Aaa" by Moody's, and "AAA" by S&P**
- Enhancement:	**Insured by Ambac Assurance Corporation**
- Initial Interest Rate:	**3.65%, reset weekly**



Southern Ocean County Hospital, which constructed its 4-story addition (including the new lobby and admitting department) with Authority bonds issued in 1993, refinanced in 2006

The Southern Ocean County Hospital Story

On May 18th, the Authority closed a $18,390,000 bond transaction on behalf of Southern Ocean County Hospital ("SOCH"), an acute care hospital located in Manahawkin. The financing was done to currently refund the hospital's 1993 Series A bonds, which, issued on the credit of the hospital, had a coupon interest rate between 6.125% and 6.25%.

Wachovia Bank provided the letter of credit for the 2006 variable rate demand notes, which initially reset every 7 days. The bonds were offered for sale just prior to the release of the Bond Market Association index ("BMA") for the week. Because the pricing of letter of credit-backed variable rate bonds generally reflects the BMA, the SOCH pricing was gauged against Wachovia Securities' expectation for the BMA as the senior managing underwriter for the transaction.

Deliberations between Authority staff, SOCH and Wachovia Securities resulted in the order period for the bonds opening at an interest rate level of 3.4%, with the expectation that the BMA would be set at 3.44 to 3.45%. Sufficient orders were received and the underwriter offered to purchase the bonds at the 3.4% level. The BMA was actually set at 3.44%, giving the hospital a favorable initial interest rate. The rate was reset at 3.44% one week later.

If the projections assuming a variable interest rate of 3.6% pan out over the extended maturity to 2036, SOCH will reap a net present value savings of approximately $2.8 million or 13.5% through the refinancing.

- Delivery Date:	**May 12, 2006**
- Final Maturity:	**July 1, 2036**
- Ratings:	**"Aa2/VMIG-1" by Moody's**
- Security:	**Wachovia Bank Letter of Credit**
- Initial Interest Rate:	**3.4%, reset weekly**

Main entrance to Virtua's Voorhees facility, one of several Virtua facilities that enhanced its IT system through the 2006 issuance of Authority bonds

The Virtua Health, Inc. Story

On May 23rd, the Authority issued $35,000,000 of bonds privately placed on behalf of Virtua Health, Inc. ("Virtua") to finance an information technology digitization system at Virtua's four hospital locations and support sites.

Using a private placement can allow a borrower to benefit from better covenants and easier repayment options, though it often does so at a higher cost. The interest rate of this private placement, which was negotiated between Wachovia Bank (the bond purchaser) and Virtua, equates to the BMA index plus 50 basis points.

This transaction closed with an initial weekly rate of 3.94%.

- Delivery Date:	**May 23, 2006**
- Final Maturity:	**July 1, 2013**
- Ratings:	**None**
- Security:	**Gross receipts pledge under a Master Trust Indenture**
- Initial Interest Rate:	**3.94%, reset weekly**

Site of the new Emergency Department at Holy Name Hospital, being constructed with the proceeds of Authority bonds issued in 2006

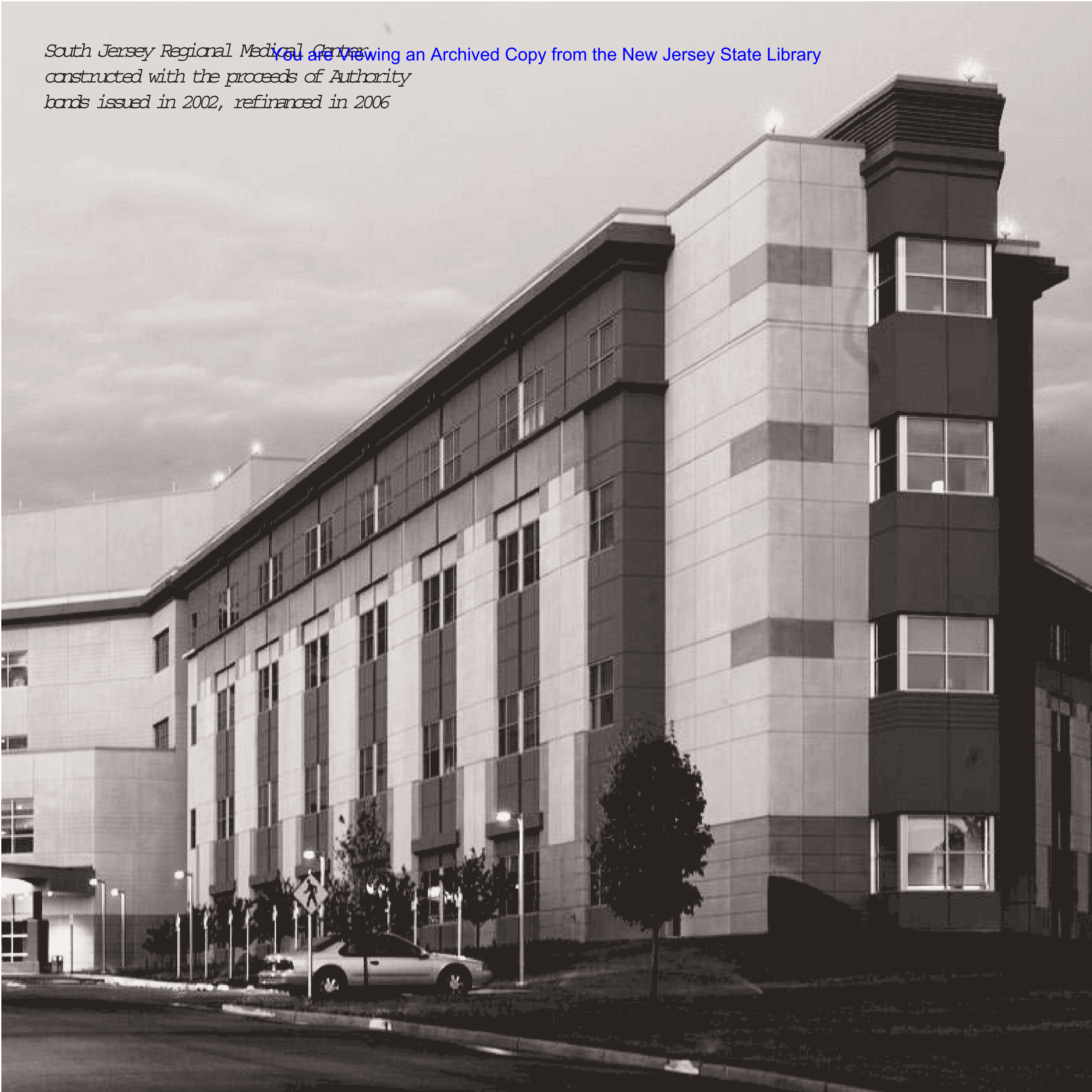
The Holy Name Hospital Story

On June15th, the Authority closed a $60,000,000 bond issue on behalf of Holy Name Hospital ("Holy Name"). With the proceeds, the Emergency Department will be updated and expanded, and COMP Series 1998 A-4 and Series 2001 A-2 bonds will both be currently refunded. The proceeds were also used to refinance other capitalized leases and fund capital equipment.

The $60 million fixed rate financing carried ratings of "BBB" and "Baa2" based solely on the hospital's credit. The bonds were structured as two term bonds with sinking funds so that the debt service on the new bonds could wrap the debt service on Holy Name's outstanding 1997 issue, creating a level debt service structure.

The pricing kicked off with an investor call with numerous institutional investors. Holy Name, its financial advisor Evergreen Financial Services, and senior manager UBS Securities collectively approved a scale for an order period. In that time, sufficient orders were obtained and UBS offered to purchase the bonds at yields of 4.98% for the 2030 maturity and 5.01% for the final maturity in 2036.

- Delivery Date:	**June 15, 2006**
- Final Maturity:	**July 1, 2036**
- Ratings:	**"BBB" by S&P and "Baa2" by Moody's**
- Security:	**Mortgage lien on hospital property and gross receipts pledge**
- All-in Interest Cost:	**5.12%**



South Jersey Regional Medical Center constructed with the proceeds of Authority bonds issued in 2002, refinanced in 2006

The South Jersey Hospital Story

On November 8th, the Authority issued $144,285,000 in bonds on behalf of South Jersey Hospital, Inc. The proceeds were used to advance refund a portion of outstanding 2002 Authority bonds, yielding a savings of approximately 6.13% of the original debt service requirements.

The bonds were uninsured and rated "Baa1" by Moody's. Senior manager, Wachovia Bank, hosted an investor call with more than 25 institutional investors, more than ten of whom ended up placing orders for the bonds, accounting for more than $50 million of allocation.

The underwriters recommended a structure of serial bonds and two term bonds, with each bond being sold at a premium. The market's desire for premium bonds is generally a defense against increasing interest rates, in addition to the higher semi-annual interest payment.

After adjusting yields due to investor interest, the underwriters offered to purchase the bonds with yields ranging from 4.18% in 2013 to 4.78% in 2046, giving the issue an all-in interest cost of 4.91%. As a result, South Jersey Hospital reaped a net present value savings of approximately $8.8 million.

- Delivery Date:	**November 8, 2006**
- Final Maturity:	**July 1, 2046**
- Rating:	**"Baa1" by Moody's**
- Security:	**Master Trust Indenture note, secured by a gross receipts pledge and mortgages on certain property**
- All-in Interest Cost:	**4.91%**

Site of CentraState Medical Center's new
ambulatory center, financed through
Authority bonds issued in 2006

The CentraState Medical Center Story

On December 14th, the Authority closed a $71,425,000 transaction on behalf of CentraState Medical Center, a general acute care hospital in Freehold Township. The proceeds were used to construct a three-story outpatient ambulatory care center attached to the Medical Center and to finance routine capital expenditures for 2006 through 2009.

Since a portion of the Ambulatory campus will house for-profit activities such as independent physician offices, an independent pharmacy, a health awareness center and a medical fitness facility, some of the bonds were issued as federally taxable. The bonds were, therefore, issued in two series; the first of which were tax-exempt because its proceeds would only be used for expenses related to non-profit activities and areas. The second series would be used for for-profit activities and areas.

The tax-exempt Series 2006A totaled $41,575,000, and the taxable Series 2006B totaled $29,850,000. Structured as fixed rate bonds, the Series 2006A bonds received an all-in true interest cost of 4.74%.

CentraState's Series 2006B issue was the Authority's first auction bond transaction insured by Assured Guaranty. This series was also the Authority's first taxable auction rate transaction. While the documents allow for conversion, the bonds were initially issued with a 7-day auction period. Having received an initial rate of 5.15%, which is low considering the taxable status of the bonds, the project team was pleased with the outcome of this new structure.

- Delivery Date:	**December 14, 2006**
- Final Maturity:	**(Ser. A) July 1, 2021, (Ser. B) July 1, 2037**
- Ratings:	**"Aa1" by Moody's and "AAA" by Fitch**
- Enhancement:	**Insured by Assured Guaranty Corporation**
- Interest Costs:	**Ser. A all-in true = 4.74%,**
	Ser. B initial rate = 5.15% (reset via weekly auction)

Saint Barnabas Medical Center, one of the System's many facilities benefiting from a 2006 refinancing

The Saint Barnabas Health Care Story

The Authority closed on its largest 2006 issuance on December 19th on behalf of Saint Barnabas Health Care System. The main objective for this $197,119,654 transaction was to reduce the maximum annual debt service that ultimately affects the System's coverage ratio. That objective was achieved through the issuance of two fixed rate series of bonds, facilitating a refinancing coupled with final maturity extensions.

The first series (Series A) amounted to $72,120,000 and was issued as current interest bonds with maturities in 2007 and 2029. The second series (Series B) totaled $124,999,653.65 and consisted of capital appreciation bonds with maturities from 2030 through 2038.

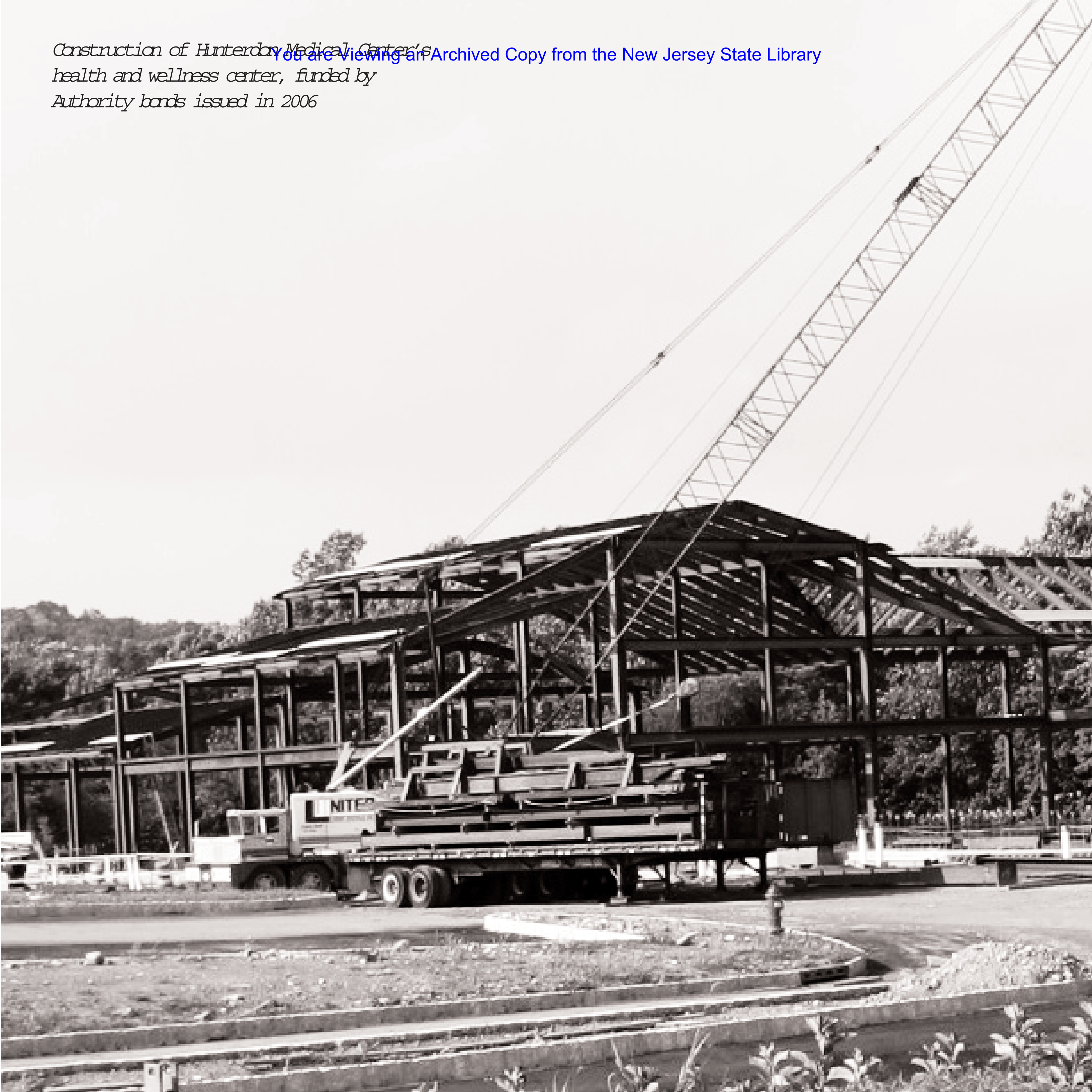
Both series of bonds were rated "BBB" by S&P, "Baa2" by Moody's, and "BBB" by Fitch. Though uninsured, the bonds were secured by notes issued under a Master Trust Indenture secured by a pledge of the gross receipts of the System, plus a mortgage on certain System properties.

Interest rate levels were suggested based on similar financings that had been recently marketed, and due to sufficient order flow, the senior manager offered to purchase the bonds with some interest rates that were even lower than the rate at which the bonds were initially marketed.

As such, the Series A 2007 maturity carried a yield of 3.75% and the 2029 maturity was finalized at a yield of 4.45%. The Series B bonds had yields ranging from 5.05% to 5.13% for the 2030 through 2038 maturities. The final result is a low all-in true interest rate of 5.095% for the complete transaction.

- Delivery Date:	**December 19, 2006**
- Final Maturity:	**(Ser. A) July 1, 2029, (Ser. B) July 1, 2038**
- Ratings (Series A&B):	**"BBB" by S&P, "Baa2" by Moody's, and "BBB" by Fitch**
- Security:	**Notes issued under a Master Trust Indenture secured by a pledge of gross receipts, plus a mortgage**
- Interest Cost:	**Combined All-in True = 5.095%**

Construction of Hunterdon Medical Center's health and wellness center, funded by Authority bonds issued in 2006



The Hunterdon Medical Center Story, Part II

On December 21st, the Authority closed the $17,085,000 Series 2006B transaction, the complement to the 2006A piece financed almost one year earlier, on behalf of Hunterdon Medical Center ("Hunterdon"). The original project description outlined that Hunterdon's bond proceeds would be used to construct a new 449-space parking garage, fund central plant improvements, purchase capital equipment, refinance a taxable loan, and construct and equip a new health and wellness center located in Clinton, New Jersey.

As a condition of an agreement between the town of Clinton and the Medical Center, before the town could provide water to the health and wellness center, a certain allocation permit and safe drinking water permit was required from the New Jersey Department of Environmental Protection. Both the Town of Clinton and the Medical Center fully expected the permits to be issued, however, neither had any control of the timing associated with the matter.

To address this issue, the transaction was broken into two series (see page 17). The permits were received and the Series B transaction for $17,085,000 of bonds closed. This series was comprised of fixed rate securities primarily made up of premium bonds, with a final maturity of 2036.

- Delivery Date:	**December 21, 2006**
- Final Maturity:	**July 1, 2036**
- Ratings:	**"A-" by S&P and "A" by Fitch**
- Security:	**Note issued under a Master Trust Indenture, plus a mortgage and pledge of gross receipts**
- All-in True Interest Cost:	**4.89%**

Somerset Medical Center's Steeplechase Cancer Center, funded by Authority bonds in 2006 and opened for use in January 2007

The Somerset Medical Center Story

The Authority issued $15,000,000 in bonds on behalf of Somerset Medical Center ("Somerset") on December 29th. The private placement transaction, structured as a fixed rate financing, was the Authority's first transaction with Peapack-Gladstone Bank. The project included financing and reimbursing Somerset for costs related to a new three-story Cancer Center building. Proceeds would also be used to refinance part of a construction loan that was used to finance the new facility.

In addition to providing cancer treatment, the new facility would house a laboratory, pharmacy, breast center, salon, gift shop, and physician offices, as well as a walkway to the Medical Center. Since some of these uses are for-profit, the working group had to structure the project so that tax-exempt bonds would not be used for those areas.

Unlike previous Authority transactions in which a separate taxable series was issued to cover the for-profit expenses, in this case, the working group delegated all of the taxable areas of the project, as well as the costs of issuing the bonds, to be paid for by Somerset's own equity contribution.

The most unique feature of these bonds, though, is their innovative structure that ties the interest rate to a taxable rate barometer. Specifically, the initial rate was set for ten years based on the tax-exempt equivalent of a fixed rate equal to 210 basis points over the monthly average yield on U.S. Treasury Securities, adjusted to a constant maturity of ten years in effect six days before the closing. Thereafter, the rate will reset at five-year intervals until maturity in 2032.

This structure produced an initial interest rate of 4.42%, demonstrating that the inventive interest calculation would successfully yield low rates.

- Delivery Date:	**December 29, 2006**
- Final Maturity:	**January 1, 2032**
- Ratings:	**None**
- Security:	**Note issued under a Loan Agreement, plus a mortgage, an Assignment of Leases and an Environmental Indemnification Agreement**
- Initial Interest Rate:	**4.42%, reset after ten years**

Above: FitnessFirst Oradell Center

Above: East Orange General Hospital

Above: Rendering of the MHAC 1 parking garage

Below: Meridian's Nursing and Rehab facility in Wall Township

Below: AtlantiCare Regional Medical Center's construction site

The COMP Story, Chapter 7

The remaining five issues of 2006 closed on November 22nd through the Authority's seventh tranche of the Variable Rate Composite Program ("COMP Program"). Through this program, bonds are marketed for, and issued on behalf of, several borrowers simultaneously, thereby enabling multiple borrowers to share issuance costs.

Borrowers must provide a Letter of Credit ("LOC") to be eligible for the program. In this COMP series, the bonds backed by LOCs from JPMorgan Chase Bank and Bank of America received an initial interest rate of 3.55%, while bonds backed by LOCs from PNC Bank and Wachovia Bank received an initial interest rate of 3.60%. All bonds issued through the COMP program have variable rates that are reset weekly.

COMP VII consisted of the following five transactions:

AtlantiCare Regional Medical Center

- Par Amount: $25,000,000
- Final Maturity: July 1, 2031
- LOC Provider: JPMorgan Chase Bank, N.A.
- Rating: "Aa2" by Moody's

The proceeds will be used to finance expansion and renovation at the Medical Center's City Division, including: the construction of a new 7-story addition and renovations to the existing hospital space, the construction of a bridge connecting the hospital to Bally's garage, and the purchase of hospital equipment.

The COMP Story *...continued...*

East Orange General Hospital

- Par Amount: $13,200,000
- Final Maturity: July 1, 2021
- LOC Provider: PNC Bank, N.A.
- Rating: "A1" by Moody's

The proceeds will be used to upgrade and expand the emergency department and other facilities, finance the acquisition and installation of capital equipment, fund capitalized interest and start-up costs, and refund Authority Series B Bonds issued in 1990.

Meridian Nursing and Rehabilitation, Inc.

- Par Amount: $5,100,000
- Final Maturity: July 1, 2031
- LOC Provider: JPMorgan Chase Bank, N.A.
- Rating: "Aa2" by Moody's

The proceeds will help to complete the construction of a two-story skilled nursing facility in Wall Township and repay funds advanced by affiliates of the borrower in connection with that facility.

FitnessFirst Oradell Center, L.L.C.

- Par Amount: $7,000,000
-Final Maturity: July 1, 2031
- LOC Provider: Bank of America, N.A.
-Rating: "Aa1" by Moody's
-The proceeds will finance the fit out of a building (currently owned by a related 501(c)(2) organization) for the development of a medically based health and fitness center and will fund an upfront lease payment by the LLC pursuant to the lease.

MHAC 1, LLC (two series)

- Combined Par Amount: $32,570,000
-Final Maturity: July 1, 2027 and July 1, 2036, respectively
- LOC Provider: Wachovia Bank, N.A.
-Rating: "Aa2" by Moody's
-The proceeds will be used to construct a five-story, 970-space parking garage and related power plant and helipad, along with incidental equipment. The parking garage will stand on land (adjacent to Jersey Shore University Medical Center) that is owned by Meridian Hospitals Corporation. MHAC I, LLC will lease the land from Meridian Hospital Corporation for the use of the parking garage.

Authority Members

- **Fred M. Jacobs, M.D., J.D.** - Commissioner of Health & Senior Services
- **Steven M. Goldman** - Commissioner of Banking & Insurance
- **Jennifer Velez, Esq.** - Commissioner of Human Services
- **Gustav Edward Escher, III** - Public Member, Vice Chairman
- **Moshe Cohen, Ph.D.** - Public Member, Treasurer
- **Ulysses Lee** - Public Member, Secretary

Ex-Officio Members may designate long-term representatives to attend meetings and vote on their behalf. The representatives currently delegated by the Ex-Officio Members are:

- **Edward Tetelman** - New Jersey Department of Health & Senior Services
- **Maryann Kralik** - New Jersey Department of Banking & Insurance
- **Eileen Stokley** - New Jersey Department of Human Services

The Authority is governed by a seven-member board, three of whom are ex-officio, namely: the Commissioner of Health and Senior Services (who serves as Chairman), the Commissioner of Human Services, and the Commissioner of Banking and Insurance. Four public members are appointed by the Governor with the consent of the Senate and serve staggered four-year terms. There is currently one public member vacancy on the Authority's board.

The New Jersey Health Care Facilities Financing Authority's

Complete 2006 Audited Financial Statements

are available online at http://www.state.nj.us/njhcffa/reports.html
or by contacting the Authority at (609) 292-8585.

The Authority would like to thank its entire staff for the hard work and dedication that made 2006 another successful year of health care finance in New Jersey.

Office of the Executive Director

Mark E. Hopkins, Executive Director
Carole Conover, Executive Assistant & Office Manager
Robin Piotrowski, PHR, CPS, Human Resources Manager
Stephanie Bilovsky, Communications Specialist
Evelynne A. Burroughs, Office Management Assistant
Lorraine Donahue, Office Management Assistant

Division of Project Management

Dennis P. Hancock, Deputy Executive Director & Division Director
Louis R. George, Project Manager
William McLaughlin, Project Manager
Suzanne K. Walton, Project Manager
Mae C. Jeffries-Grant, Administrative Assistant

Division of Operations & Finance

James L. Van Wart, Division Director
Michael B. Ittleson, Controller
Bernard J. Miller, Jr., Construction Manager
Wanda L. Lewis, Senior Account Administrator
Ronald S. Marmelstein, Senior Account Administrator
Robert A. Day, Account Administrator
Marjorie P. McAvoy, Accountant
Diane Johnson, Assistant Account Administrator
Anthony M. Gennari, Assistant Account Administrator
Jessica Waite, Administrative Assistant

Division of Research, Investor Relations & Compliance

Stephen M. Fillebrown, Division Director
Susan M. Tonry, CPA, Assistant Division Director
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