

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on March 24, 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, Commissioner of Health and Senior Services (chairman); Noreen White, Public Member; Carmen Saginario, Public Member; Gus Escher, Public Member; Frieda Phillips, representing the Commissioner of Human Services; Ed Tetelman (present but not voting), representing the Commissioner of Health and Senior Services; and, Maryann Kralik, representing the Commissioner of Banking and Insurance.

The following **Authority staff** were in attendance:

Mark Hopkins, Dennis Hancock, Steve Fillebrown, Suzanne Walton, Lou George, Bill McLaughlin, Jim Van Wart, Susan Tonry, Michael Ittleson, Carole Conover, Marji McAvoy, and Stephanie Zschunke.

The following **representatives from State offices** were in attendance:

Victoria Pratt, Authorities Unit Office of the Governor; Jaimy Taylor, Treasurer's Office; and, Clifford T. Roncs, Deputy Attorney General.

The following **members of the public** were in attendance:

Gary Walsh, Riker, Danzig, Scherer, Hyland & Perretti; Jon Dugenio, Avalon at Hillsborough; Ed McManimon, McManimon & Scotland LLC; Karen Lumpp, Atlantic Health System; Karen Mosner, Evergreen Financial Services; Bill Mayer, DeCotiis Fitzpatrick, Cole & Wisler; Aaron Rulnick, Herbert J. Sims & Company, Inc.; Kevin Connell, Allied Irish Bank; Sharon Landgraf, PNC Capital; and, Kari Fazio, Wachovia Securities.

### ***CALL TO ORDER***

Dr. Jacobs called the meeting to order at 10:03 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***

Dr. Jacobs stated that the minutes for the Authority's February 24, 2005 meeting had been distributed for review and approval. Ms. White offered a motion to approve the minutes. Mr. Escher seconded. Dr. Jacobs voted yes, Ms. White voted yes, Mr. Saginario abstained, Mr. Escher voted yes, and Ms. Kralik voted yes. The motion carried and the minutes were approved.

## ***BOND SALE REPORT***

### ***Recovery Management Systems, Inc.***

Dennis Hancock reported to the Members that on the previous Friday, the Authority closed on a \$13,860,000 bond issue on behalf of Recovery Management Systems, Inc. The bonds were structured as variable rate demand notes with an interest rate reset every seven days. Security for the bonds was provided by a Commerce Bank direct pay letter of credit.

In anticipation of the closing, the first weekly interest rate was set at 1.98% on Thursday, March 17<sup>th</sup> through negotiation with Commerce Capital Markets, the remarketing agent for the bonds. This initial rate is equal to the Bond Market Association index and was consistent with other variable rate bond issues using Commerce letters of credit. Typically, Authority variable rate issues using credit support provided by other money center banks trade at levels a few basis points below the BMA index. Unfortunately, Commerce Bank has a split rating, which results in slightly higher rates when their letter of credit is used. Commerce Capital Markets anticipated that the entire \$13,860,000 would not immediately be sold and agreed to underwrite the bonds. It is expected that as the March 15<sup>th</sup> corporate tax date passes and potential purchasers have the time to review the documents, the bonds will be placed with investors.

## ***TEFRA HEARING / CONTINGENT BOND SALE REQUEST FOR NEGOTIATED SALE***

### ***Pilgrim River, LLC***

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 Pilgrim River, LLC. He invited those in attendance to participate in discussing the transaction, and then asked Suzanne Walton to present the proposed financing.

Suzanne Walton introduced Jon Dugenio, Owner and Chief Operating Officer of Pilgrim River, L.L.C. Ms. Walton indicated that the Members were being asked to consider a contingent sale of unrated bonds on behalf of Pilgrim River, L.L.C. The Bonds are comprised of two separate series, the Series 2005A bonds in an aggregate principal amount not to exceed \$12,000,000 at a true interest cost not to exceed 9.75%, and the federally taxable Series 2005B bonds in an aggregate principal amount not to exceed \$1,500,000 at a true interest cost not to exceed 12%. The proceeds of the Series 2005 bond issue, together with equity, will be used to construct and equip a new, 81-unit, 97 licensed bed assisted living facility, to fund start-up costs and capitalized interest for approximately 18 months, to fund a debt service reserve fund and to pay costs of issuance.

The Series 2005A bonds are tax-exempt as a result of Pilgrim River's agreement to qualify its facility as a residential rental project under section 142(d) of the Internal Revenue Service Code, which requires that a certain number of its units will be rented to low and moderate income individuals or families. In addition, these bonds require an allocation of a portion of the State's volume cap, which has been received from the Treasurer.

Ms. Walton indicated that the Series 2005 bonds would be structured on a level debt basis at fixed interest rates with a final maturity of no later than July 1, 2035 for the Series 2005A bonds and with a final maturity of no later than July 1, 2020 for the Series 2005B bonds.

The bonds will be secured by a mortgage on the facilities and a gross revenue pledge. Based upon the underwriter's experience marketing bonds for start-up assisted living facilities, the loan agreement incorporates several covenants and ratios that have been required by investors. They include a debt service coverage ratio, an operating ratio, a liquidity covenant, and a trade accounts payable covenant. In addition, the documents require the funding of an operating reserve fund equal to 60 days cash on hand and a renewal and replacement fund.

### BOND RESOLUTION

William Mayer, Esq., of DeCotiis, FitzPatrick, Cole & Wisler, LLP was introduced and stated that the Bond Resolution authorizes the issuance of tax-exempt Series 2005A bonds and federally taxable 2005B bonds and the related loan of the proceeds to Pilgrim River, L.L.C. Together the Series 2005 bonds will be secured by a Note or Notes issued under a Trust Indenture, secured by a mortgage lien on the facility and a security interest in the gross revenues. The Bond Resolution approves the form of and authorizes the execution of a Bond Purchase Contract for the Series 2005A bonds and a Bond Placement Agreement for the Series 2005B bonds prior to the close on business on May 25, 2005. The Bond Resolution also approves the forms of Preliminary Official Statement relating to the 2005A bonds and the Private Placement Memorandum relating to the 2005B bonds and requires the receipt of a letter from HTG Consultants, LLC, the feasibility consultant for Pilgrim River, stating that the Authority may include the Financial Feasibility Study in the Preliminary Official Statement and Private Placement Memorandum. In addition, the Bond Resolution approves the forms of the Bonds, the Indenture, the Loan Agreement, the Tax Regulatory Agreement and the Mortgage and authorizes the execution and delivery with such changes as counsel may advise. The Tax Regulatory Agreement includes, among other things, the requirements necessary to comply with the IRS Section 142(d) provisions under which the Bonds can be issued as tax-exempt.

The Bond Resolution includes language evidencing a determination by the Authority that the Project will tend to maintain or provide gainful employment opportunities within and for the people of the State; aid, assist and encourage the economic development or redevelopment of the Township of Hillsborough and Somerset County; maintain or increase the tax base of the State, and said Township and County; and maintain or diversify and expand employment promoting enterprises within the State. This determination is required when the Authority provides financing on behalf of a for-profit health care organization. The Bond Resolution also appoints Wachovia Bank, National Association as Trustee for the Series 2005 Bonds. The Bond Resolution designates a portion of the Authority's allocation of volume cap to the project and establishes June 15, 2005 as the expiration date for the project's allocation if the issue is not closed, however, this date can be extended.

Mr. Escher asked for clarification between The Avalon at Hillsborough and Pilgrim River. Mr. Mayer explained that the Avalon at Hillsborough is the name of the facility while Pilgrim River is the name of the borrowing entity. In response to a question from Mr. Escher; Ms. Walton

stated that HTG Consultants had provided the feasibility study for a 1999 Authority transaction with this borrower and it has a solid reputation for providing feasibility studies on assisted living facilities. Mr. Saginario noted the written consent from HTG Consultants allowing the Authority to publish the feasibility study in the Official Statement. He asked if this is required and if the Authority intended to include the study in the document, to which Mr. Mayer replied that the study is an integral part of the bond marketing, therefore, it will be included in the Official Statement and the consultant's consent is needed and expected.

Dr. Jacobs asked the Members' pleasure with respect to the adoption of the Bond Resolution. Mr. Escher moved that the document be approved. Mr. Saginario seconded. The vote was unanimous and the motion carried.

### **AB RESOLUTION NO. EE-71**

NOW, THEREFORE, BE IT RESOLVED, That the Authority hereby approves the Bond Resolution entitled, "A RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS, (THE AVALON AT HILLSBOROUGH A BRIDGEWAY ASSISTED LIVING RESIDENCE), SERIES 2005A AND SERIES 2005B (FEDERALLY TAXABLE)."

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 Pilgrim River.

### ***REQUEST FOR NEGOTIATED SALE***

#### ***A. Holy Name Hospital***

Mark Hopkins reported that Holy Name Hospital signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing. Holy Name Hospital is a 361-bed, not-for-profit general acute care hospital in Teaneck, New Jersey. It provides a full spectrum of inpatient, ambulatory care, home care and community services. In addition to its general medical, surgical, obstetrical, gynecological, pediatric and psychiatric services, the Hospital offers a wide array of diagnostic and treatment modalities and various specialty services. Holy Name Hospital is a subsidiary of Sisters of St. Joseph of Peace Health Care System.

The proceeds of the proposed financing will be used to (i) fund expansion of its emergency department and related parking deck, and (ii) refinance existing debt including two Comp loans and capitalized leases. Holy Name Hospital expects the new money project to total approximately \$28 million and it expects the refinancing project to total approximately \$8 million. Thus, with a debt service reserve fund, costs of issuance and other costs, Holy Name Hospital is seeking to finance a total of approximately \$40 million through the Authority.

Mr. Hopkins reported that in 1997, the Authority issued \$68,315,000 in bonds for Holy Name Hospital, of which approximately \$58,920,000 remains outstanding as of December 31, 2004. These obligations are expected to remain outstanding. The Hospital also participated in the

Authority's Variable Rate Composite Program ("COMP") in 1998 and 2001, in the original principal amounts of \$8,500,000 and \$5,000,000, respectively, of which \$6,700,000 and \$3,000,000, respectively, remains outstanding as of December 31, 2004. The Hospital plans to defease the 1998 and 2001 COMP obligations with the proceeds of the proposed financing. The Authority also issued bonds for Holy Name Hospital in 1989 and 1990 which have since been defeased.

According to the consolidated audited financial statements provided with the Memorandum of Understanding, Holy Name Hospital generated excess revenues over expenses of \$1,946,295 in 2003 and excess revenues over expenses of \$1,041,469 in 2002. Cash, cash equivalents and investments at the end of 2002 and 2003 were \$52,106,401 and \$48,791,132, respectively. Unaudited information for 2004 shows excess revenues over expenses of approximately \$1,623,000, but shows an operating loss of approximately \$1,860,000. The Hospital attributes the operating loss to a 3% decline in admissions and a reduction in the Hospital's Medicare wage index. The Hospital noted that the Medicare wage index was increased on November 1, 2004 and inpatient volume rebounded in the 4<sup>th</sup> quarter of 2004 and has continued during the first two months of 2005. The Hospital reported cash and temporary investments of approximately \$49,336,000 at the end of 2004.

Holy Name Hospital asked that the Authority permit the use of a negotiated sale based on its expected use of variable rate debt, the complexity of the financing structure, including the anticipated simultaneous sale of more than one series of bonds with each series structured differently, and the fact that it is a complex or poor credit. Since these reasons are considered under the Authority's policy regarding Executive Order #26 to be a justification for the use of a negotiated sale, 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. Escher offered a motion to approve the resolution permitting the pursuit of a negotiated sale on behalf of Holy Name Hospital, and the transmittal of a copy of this resolution and its justification to the State Treasurer. Ms. Phillips seconded. The vote was unanimous and the motion carried.

#### **AB RESOLUTION NO. EE-72**

*(attached)*

Mr. Hopkins added that, in anticipation of the Authority's approval, Holy Name Hospital completed a competitive process and identified UBS Financial Services as its senior manager and, if applicable, remarketing agent.

#### ***B. Warren Hospital***

Mark Hopkins reported that Warren Hospital, (a 214-bed not-for-profit general acute care hospital in Phillipsburg and a subsidiary of Warren Hospital Health Services Corporation) signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing. The proceeds of the proposed financing will be used to (i) refinance or restructure existing debt,

including bonds issued by the Authority on the Hospital's behalf in 1995 and 2002 and two commercial loans, and (ii) reimburse itself for capital improvements the Hospital has already made to its facilities. Warren Hospital expects the project to total approximately \$30 million, including a debt service reserve fund, costs of issuance and other costs.

In 1995, the Authority issued \$13,615,000 in bonds for Warren Hospital, of which approximately \$10,085,000 remains outstanding as of December 31, 2004. In 2002, the Authority issued \$15,000,000 in bonds for Warren Hospital, of which approximately \$14,175,420 remains outstanding as of December 31, 2004. The Hospital plans to defease the 1995 and 2002 obligations with the proceeds of the proposed financing. The Authority also issued bonds for Warren Hospital in 1981, 1982 and 1985, all of which have since been defeased.

Mr. Hopkins stated that, according to the consolidated audited financial statements provided with the Memorandum of Understanding, Warren Hospital generated excess revenues over expenses of \$3,004,563 in 2003 and excess revenues over expenses of \$10,237,926 in 2002. Unaudited information for 2004 shows excess revenues over expenses of approximately \$2,173,000. Audited cash, cash equivalents and board-designated funds at the end of 2002 and 2003 were \$14,648,198 and \$10,368,858 respectively. Cash, cash equivalents and assets limited as to use by board of trustees at the end of 2004 (unaudited) were reported to be \$7,287,405. Unaudited figures from January 2005 show excess revenues over expenses for the month to be approximately \$850,0000 and cash, cash equivalents and assets limited as to use by board of trustees to be \$4,990,547.

Warren Hospital asked that the Authority permit the use of a negotiated sale based on its expected use of variable rate debt, the complexity of the financing structure, including the anticipated simultaneous sale of more than one series of bonds with each series structured differently, and the fact that it is a complex or poor credit. Since these reasons are considered under the Authority's Executive Order No. 26 to be a justification for the use of a negotiated sale, 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. Escher offered a motion to approve the resolution permitting the pursuit of a negotiated sale on behalf of Warren Hospital, and the transmittal of a copy of this resolution and its justification to the State Treasurer. Ms. Phillips seconded. The vote was unanimous and the motion carried.

**AB RESOLUTION NO. EE-73**  
*(attached)*

Mr. Hopkins announced that, in anticipation of the Authority's approval, Warren Hospital had completed a competitive process and identified Wachovia Securities as its senior manager and, if applicable, remarketing agent.

## **FINANCE COMMITTEE REPORT**

Gus Escher, chairman of the Authority's Finance Committee, reported that the Committee held a regularly scheduled meeting on March 8, 2005 at which the Authority's proposed 2004 audit was reviewed. The Committee also discussed borrower swap exposure. Mr. Escher introduced Dave Milkosky representing Ernst & Young, the Authority's 2004 auditor and reported that during the Finance Committee meeting, the Committee met with Randy Nelson, Principal at Ernst & Young, to review a draft of the Authority's financial statements for 2004. For the second consecutive year, Ernst & Young did not see anything needing improvement within the Authority's control systems; therefore, a "No Material Weaknesses" letter accompanies the audit in place of a "letter to management".

Mr. Escher reported that Mr. Nelson took several opportunities to compliment the Authority, stating that the Authority's audit is always very clean and able to be done quickly. Mr. Nelson also had commended the Authority's employee stability, noting that its consistent personnel allows for staff to master responsibilities, making for a smooth audit. The one major change in the 2004 audit when compared to audits past is that the Authority began implementing GASB 40, which requires additional risk disclosure. GASB 40 addresses credit risk, risk relating to counterparties and the concentration of risks. Ernst & Young is very pleased with the audit's presentation of the newly required disclosure information.

Mr. Escher stated that the audit shows the Authority to be in sound financial condition. He thanked Ernst & Young for its work on the audit and thanked staff for another job well done.

On behalf of the Finance Committee, Mr. Escher offered a motion for the Authority's acceptance of the 2004 Audit and letter stating "No Material Weaknesses", and for the Authority's authorization to submit the audit to the Governor, members of the Legislature, the Secretary of State, and the Comptroller of the Treasury by March 31<sup>st</sup>, as required by the Authority's enabling legislation. Mr. Saginario seconded. The vote was unanimous and the motion carried.

### **AB RESOLUTION NO. EE-74**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby accepts the 2004 Audit and letter stating "No Material Weaknesses", as prepared and submitted by Ernst & Young; and,

**BE IT FURTHER RESOLVED**, that the Authority authorizes submission of the 2004 Audit to the Acting Governor, members of the Legislature, the Secretary of State, and the Comptroller of the Treasury by March 31, as required by the Authority's enabling legislation.

Mr. Escher continued the Finance Committee report, stating that the Committee and staff discussed ways in which the Authority might monitor the swap transactions entered into by its borrowers, including the possibility of hiring a firm to analyze and monitor the borrowers' derivative products. Based on 2003 financial statements, staff identified ten Authority borrowers that had entered into swap arrangements in a total notional amount of approximately \$660 million. This was only a preliminary discussion. If, upon further consideration, staff or the

Committee recommends that the Authority engage in such analyses, a request will be made for the Members' approval of the pursuit of a swap analysis firm. At this time, no such action is recommended.

### ***CONVERSION TO TAX-EXEMPT BONDS***

#### ***Atlantic Health System***

Jim Van Wart reminded the Members that on June 29, 2004, the Authority issued the Series 2004 Bonds on behalf of AHS Hospital Corporation (AHS) in two taxable lots A and B totaling \$26,300,000. Each lot was in the amount of \$13,150,000 and was convertible to a tax-exempt rate after certain conditions were met. The purpose of the issue was to advance refund the Series 1997B Bonds, and to pay certain costs of issuing the Series 2004 Bonds. The Members approved the conversion of Lot A to tax-exempt status at the December 2004 meeting.

The security for the bonds is a Trust Agreement and funds and accounts established under the Trust Agreement. A Financial Guaranty Insurance Policy issued by Ambac Assurance Corporation (AMBAC) further secures the bonds.

Mr. Van Wart stated that AHS, one of New Jersey's largest nonprofit health care systems, owns and operates three acute care hospitals: Morristown Memorial Hospital, consisting of a 549-bed acute care teaching hospital and a 78-bed rehabilitation and skilled nursing hospital located in Morristown; Overlook Hospital, a 514-bed acute care teaching hospital located in Summit; and, Mountainside Hospital, a 347-bed acute care teaching hospital located in Montclair.

Mr. Van Wart explained that AHS Hospital Corporation requested approval from the Authority to convert Lot B of the Series 2004 from taxable bonds to tax-exempt bonds. Riker Danzig, Scherer, Hyland & Perretti LLP, as Bond Counsel, opined that all necessary actions were taken to convert the Lot B bonds to tax-exempt status. The Attorney General's office also reviewed the attached resolution and Bond Counsel's opinion and it has no objection to the Board's consideration of this matter.

Ms. White then moved to approve the conversion of Lot B of the Series 2004 bonds to tax-exempt status; Ms. Phillips seconded. The vote was unanimous and the motion carried.

#### **AB RESOLUTION NO. EE-75**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby approves the conversion of Lot B of the Series 2004 bonds from a taxable rate of interest to tax-exempt rate of interest.

### ***CAPITAL ASSET PROGRAM CREDIT FACILITY EXTENSION***

Marji McAvoy reminded the Members that the Authority entered into a Letter of Credit and Reimbursement Agreement, a Bank Line of Credit Agreement and a Bank Bond Purchase Agreement with The Chase Manhattan Bank to provide the necessary credit and liquidity facilities for the Capital Asset Pool Program. The Chase Manhattan Bank has since changed its

name to JPMorgan Chase Bank. The original Bank Documents provided for these facilities to remain in effect for a three-year period and contain provisions for one-year extensions of the termination date. The Authority has previously taken advantage of that arrangement to obtain extensions of the termination date through March 25, 2007.

During this time period, the Authority staff has found JPMorgan Chase to be attentive to the needs of the borrowers with timely responses and their willingness to address special issues. In addition, JPMorgan Chase has been willing to change their fee structure that in effect lowered the costs of maintaining the Pool. This resulted in lower interest rates to the benefit of the Pool's borrowers. Therefore, at this time, staff recommends that the Authority approve a one-year extension of the termination date to March 25, 2008 in order to maintain the three-year term on the facilities.

Ms. McAvoy directed the Members' attention to copies of a resolution and Eighteenth Supplemental Trust Agreement, drafted by McManimon & Scotland, which incorporate these changes. She also pointed out Amendment No. 11 to the Bank Documents, which provides for the extension of the termination date. The Resolution authorizes the execution of the Eighteenth Supplemental Trust Agreement and Amendment No. 11.

According to Ms. McAvoy, JPMorgan Chase agreed to the proposed extension. The Attorney General's office reviewed the resolution and Eighteenth Supplemental Trust Agreement and found no objection to the Authority's consideration of this matter. Mr. Escher offered a motion to adopt the resolution, as requested. Mr. Saginario seconded. The vote was unanimous and the motion carried.

**AB RESOLUTION NO. DD-76**  
(attached)

***AUTHORITY EXPENSES***

Dr. Jacobs referred to a summary of Authority expenses and invoices. Ms. White 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-77**

**WHEREAS**, the Authority has reviewed memoranda dated March 24, 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 \$705,516.94, \$5,000.00 and \$60,776.99 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, Cash Flow Statement, and Legislative Advisory. He thanked staff for preparing the reports.

Mr. Hopkins then began his Executive Director's report by announcing that the Authority will host a special meeting on Friday April 1<sup>st</sup>, beginning at 1:00 p.m. at the Authority's offices to discuss ways in which borrowers can provide input for the Authority's selection of Financial Professionals to serve on Authority transactions, should the proposed policy change be approved.

Mr. Hopkins noted that before the end of 2004, Senior Staff distributed Employee Feedback questionnaires. Out of 25 employees, 21 surveys were completed and returned, and the consensus of the surveys was that the Authority's employees are generally happy with their place of employment. There were some changes subsequently made in the Employee Handbook, including further limits on flex time, specifications on punctuality, additional sick time regulations to more closely align the policy with that of the State, an added requirement for each employee to complete sensitivity and ethics training on an annual basis, and a reduction of the Authority's cap limit (from \$40 to \$20) for reimbursement without a receipt for work expenditures.

In addition, Senior Staff restructured the Authority's employee organization to include the following changes:

- the Division of Operations will now be called the Division of Operations and Finance;
- the Compliance portion of the former Division of Operations will now be a part of the Division of Research and Investor Relations, which will now be called the Division of Research, Investor Relations and Compliance;
- Susan Tonry, formerly the Assistant Director of the prior Division of Operations will now be Assistant Director of the Division of Research, Investor Relations and Compliance; and,
- Marji McAvoy will now report directly to the Controller.

As a result of the reorganization, the Authority will now be seeking to hire an Assistant Account Administrator to replace Ms. McAvoy, and would no longer seek to hire someone at the Assistant Director level for Research and Investor Relations.

Mr. Hopkins reported that the Prevailing Wage Regulations, a draft of which were approved by the Authority members at its last meeting, were forwarded to the Office of Administrative Law to be published in the New Jersey Register on April 18<sup>th</sup> with a comment period ending June 20<sup>th</sup>.

Mr. Hopkins concluded his report by stating that Bill Lohman, the Authority's Construction Manager will be resigning, effective April 8, to begin full-time employment with the Department of Health and Senior Services. The Authority will, therefore, also be looking to hire a new Construction Manager.

***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 and contractual matters, and to receive advice from the Office of the Attorney General. Dr. Jacobs stated that the results of the discussion would be made known at such time as the need for confidentiality no longer exists. Ms. White offered a motion to enter the session; Mr. Escher seconded it. The vote was unanimous and the motion carried.

**AB RESOLUTION NO. EE-78**

**NOW, THEREFORE, BE IT RESOLVED**, that, as permitted by the Open Public Meetings Act and the Authority's By-Laws, the Authority meet in Executive Session to discuss personnel and 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, Ms. White moved to adjourn the meeting, Mr. Escher 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 MARCH 24, 2005.

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Dennis Hancock  
Assistant Secretary

## **EXECUTIVE SESSION AUTHORITY MEETING**

**ATTENDEES:** Dr. Fred M. Jacobs, Commissioner of Health and Senior Services; Noreen White; Carmen Saginario; Gus Escher; Frieda Phillips, representing the Commissioner of Human Services; Maryann Kralik, representing the Commissioner of Banking and Insurance; Ed Tetelman, from the Department of Health and Senior Services; Mark Hopkins, Dennis Hancock, Steve Fillebrown, Jim Van Wart, Susan Tonry, staff; Clifford T. Rones, Deputy Attorney General; Jaimy Taylor, Treasurer's Office; and, Victoria Pratt, the Authorities Unit.

Members discussed the need for the appointment of an Audit Committee pursuant to Executive Order No. 122 (McGreevey) and some of the form of employment for the new Construction Manager.

Members also discussed in brief the following distressed credits:

- Cathedral Health System
- Columbus Hospital
- Barnert Hospital
- Jersey City Medical Center
- Pascack Valley Hospital
- St. Joseph's Wayne Hospital
- Englewood Medical Center
- St. Mary's Hospital
- RWJ at Rahway
- Somerset Medical Center

It was noted that further discussion would continue once staff has received and reviewed year-end financials from each of the hospitals.

As there was no further business, Mr. Escher made a motion to exit the session; Ms. White seconded. The vote was unanimous and the motion carried.

**AB RESOLUTION NO. EE-72**

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

***Holy Name Hospital***

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**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**, Holy Name Hospital has entered into a Memorandum of Understanding with the Authority to pursue a revenue bond financing (the “Financing”); and,

**WHEREAS**, Holy Name Hospital has requested that the Authority consider approving the pursuit of a negotiated sale; and,

**WHEREAS**, the Financing may be of a complex structure, including the involvement of the simultaneous sale of more than one series with each series structured differently; and,

**WHEREAS**, the project could be considered a complex or poor credit; and,

**WHEREAS**, Holy Name Hospital is considering the issuance of variable rate bonds for all or a portion of the Financing; and,

**WHEREAS**, the Authority is desirous of being responsive to Holy Name 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. EE-73**

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

*Warren Hospital*

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**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**, Warren Hospital has entered into a Memorandum of Understanding with the Authority to pursue a revenue bond financing (the “Financing”); and,

**WHEREAS**, Warren Hospital has requested that the Authority consider approving the pursuit of a negotiated sale; and,

**WHEREAS**, the Financing may be of a complex structure, including the involvement of the simultaneous sale of more than one series with each series structured differently; and,

**WHEREAS**, the project could be considered a complex or poor credit; and,

**WHEREAS**, Warren Hospital is considering the issuance of variable rate bonds for all or a portion of the Financing; and,

**WHEREAS**, the Authority is desirous of being responsive to Warren 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.

See AB RESOLUTION 76

# New Jersey Health Care Facilities Financing Authority

Capital Asset Financing Program, Series A-D  
Extension of Credit Facilities

Dated: April \_\_\_\_, 2005

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# NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY

## Variable Rate Demand Revenue Bonds (Hospital Capital Asset Financing Program), 1985 Series A, 1985 Series B, 1985 Series C and 1985 Series D

### GENERAL CERTIFICATE OF THE AUTHORITY

**Dated: As of April \_\_, 2005**

#### SECTION A.

The undersigned, duly holding the offices indicated beneath our signatures with the New Jersey Health Care Facilities Financing Authority (the "Authority"), a public body politic and corporate, constituting an instrumentality of the State of New Jersey (the "State"), created and existing under and pursuant to the New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c.29, and now existing and operating pursuant to an amendment and supplement thereto constituting P.L. 1997 c.435, effective January 19, 1998 (N.J.S.A. 26:2I-1, *et seq.*), as amended (the "Act"), HEREBY CERTIFY as of the date hereinabove stated as follows:

1. This certificate is being delivered in connection with an amendment to the financing documents with respect to the Authority's Variable Rate Demand Revenue Bonds (Hospital Capital Asset Financing Program), 1985 Series A, 1985 Series B, 1985 Series C and 1985 Series D issued in the aggregate principal amount of \$100,000,000 (collectively the "Bonds") pursuant to a Trust Agreement dated as of September 1, 1985, as amended and supplemented (the "Trust Agreement") by and between the Authority and The Bank of New York (successor by acquisition of the rights and responsibilities of Summit Bank's Corporate Trust Department, which assumed such rights and responsibilities when Summit Bank merged with United Jersey Bank, the original Trustee), as trustee (the "Trustee").

2. This certificate is further being delivered in connection with the extension and amendment of certain security documents with respect to the Bonds pursuant to the Trust Agreement. As additional security for the Bonds, the Authority caused to be delivered to the Trustee an Irrevocable Letter of Credit No. T-208269 in the original stated amount of \$100,000,000 (the "Letter of Credit") issued by Chemical Bank (The Chase Manhattan Bank, National Association merged into Chemical Bank and Chemical Bank then changed its name to The Chase Manhattan Bank which has since been changed to JPMorgan Chase Bank, N.A.) (the "Bank"), pursuant to a Letter of Credit and Reimbursement Agreement dated as of March 25, 1993 between the Authority and the Bank, as amended from time to time (the "Letter of Credit Agreement"). The Authority also entered into a Bank Line of Credit Agreement dated as of March 25, 1993, as amended from time to time (the "Bank Line of Credit Agreement") with the Bank for the purpose of providing the Trustee with funds for the payment of principal on the Bonds under certain circumstances. In addition, the Authority caused the Bank to enter into a Bank Bond Purchase Agreement dated as of March 25, 1993, as amended from time to time (the

“Bank Bond Purchase Agreement”) with the Authority and the Trustee, pursuant to which the Bank will agree to purchase such Bonds at the principal amount thereof (up to the aggregate amount of Bonds Outstanding, as defined therein), to the extent that moneys are not otherwise available therefor under the terms of the Trust Agreement. The Letter of Credit, the Stated Termination Date as defined in the Letter of Credit Agreement, the Bank Line of Credit Agreement and the Bank Bond Purchase Agreement (collectively, the “Bank Documents”) were originally scheduled to terminate on March 25, 1996, unless such date was extended by the Bank at the request of the Authority. The Bank and the Authority have heretofore amended the Bank Documents on several occasions to remain outstanding through March 25, 2007. The Bank and the Authority have agreed to further amend the Bank Documents so that the Bank Documents may be outstanding through March 25, 2008. In addition, the Bank and the Authority have agreed to change the definition of Stated Termination Date in the Letter of Credit Agreement to March 25, 2008. The Authority has determined that it is desirable to amend the Trust Agreement in order to facilitate the further amendment of the Bank Documents by the execution and delivery of a Eighteenth Supplemental Trust Agreement dated as of March 24, 2005 (the “Eighteenth Supplemental Trust Agreement”), by and between the Trustee and the Authority.

3. Subscribed below are our true and genuine signatures. At the time of such signing and on the date hereof, we were and are the duly designated or appointed, qualified and acting officers of the Authority holding the offices indicated by the official titles set beneath our names below.

4. On or before this date, the Eighteenth Supplemental Trust Agreement was duly and completely executed in the name of and on behalf of the Authority by the manual signature of the Executive Director of the Authority and the official seal of the Authority, which is impressed below upon this certificate, was impressed on the Eighteenth Supplemental Trust Agreement and attested by the manual signature of the Secretary of the Authority.

5. The Eighteenth Supplemental Trust Agreement and all other documents required to be executed and delivered by the Authority in order to carry out, give effect to and consummate the transactions contemplated by the Eighteenth Supplemental Trust Agreement has been duly authorized and executed by the Authority and, as of the date hereof, each is in full force and effect.

6. No authority or proceedings by the Authority for the execution and delivery of the Eighteenth Supplemental Trust Agreement or for the delivery of documents executed in connection therewith by the Authority have been repealed, rescinded or superseded, and all such proceedings remain in full force and effect.

7. All proceedings of the Authority in regard to the execution and delivery of the Eighteenth Supplemental Trust Agreement and the transactions contemplated thereby have been in conformance with the Open Public Meetings Act of the State.

SECTION B.

The undersigned Assistant Secretary HEREBY FURTHER CERTIFIES:

1. Attached hereto as Exhibit A is a true copy of the By-Laws of the Authority; the said By-Laws have been compared by me with the originals thereof on file in the Minute Book of the Authority and are correct copies thereof and of the whole of said By-Laws and the same have not been altered, amended or repealed and are in full force and effect.

2. Mark E. Hopkins is the Executive Director of the Authority and I am an Assistant Secretary of the Authority. The above-named individuals are and have been duly appointed, qualified and acting officers of the Authority holding the titles indicated above.

3. Attached hereto as Exhibit B is a true and correct copy of the resolution entitled, "Resolution Relating To Capital Asset Financing Program, Series A-D, Eighteenth Supplemental Trust Agreement, Letter of Credit Extension," adopted March 24, 2005.

4. The Resolution was duly adopted at a meeting of the Authority duly called and held, at which a quorum was present and acted throughout. At such meetings, if an *ex-officio* member was represented by a designated officer or employee of his or her department, such designation was in writing and delivered to the Authority. Said Resolution has not been modified, amended or repealed and is in full force and effect.

5. The minutes of the meetings at which the Resolution was adopted have been delivered to the Governor of the State on March \_\_, 2005, as required by the Act. At least ten (10) days, exclusive of Saturdays, Sundays and public holidays, have passed since such delivery.

IN WITNESS WHEREOF, we have hereunto set our hands and caused the seal of the Authority to be hereto affixed as of the day and date hereinabove stated.

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY

By: \_\_\_\_\_  
Executive Director

[SEAL]

By: \_\_\_\_\_  
Assistant Secretary

**AB RESOLUTION NO. EE-73**

**RESOLUTION RELATING TO  
CAPITAL ASSET FINANCING PROGRAM, SERIES A-D  
EIGHTEENTH SUPPLEMENTAL TRUST AGREEMENT  
LETTER OF CREDIT EXTENSION**

**Adopted: March 24, 2005**

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WHEREAS, the Authority was duly created under the New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c. 29, and is now existing and operating pursuant to an amendment and supplement thereto constituting P.L. 1997, c. 435, effective January 19, 1998, (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, in order to carry out its authorized purposes in providing funds for the financing and refinancing of the cost of the acquisition and installation of major movable and fixed equipment, and of construction and renovation of projects used or useful in connection with the provision of health care services by, or in the operation of, health care facilities (“Capital Assets”), the Authority deems it necessary to borrow money from time to time and to evidence such borrowings by the issuance of its obligations; and

WHEREAS, for the purposes of financing and refinancing the cost of Capital Assets of health care facilities in the State, the Authority issued its Variable Rate Demand Revenue Bonds (Hospital Capital Asset Financing Program), 1985 Series A, 1985 Series B, 1985 Series C and 1985 Series D in the aggregate principal amount of \$100,000,000 (collectively, the “Bonds”) pursuant to the Trust Agreement dated as of September 1, 1985 (the “Original Trust Agreement”), as amended, by and between the Authority and The Bank of New York (successor by acquisition of the rights and responsibilities of Summit Bank’s Corporate Trust Department, which assumed such rights and responsibilities when Summit Bank merged with United Jersey Bank, the original Trustee), as trustee of the Bonds (the “Trustee”); and

WHEREAS, the Authority lends the proceeds of the Bonds to “Health Care Organizations”, as defined in the Act; and

WHEREAS, for additional security for the Bonds, the Authority caused to be delivered to the Trustee, an Irrevocable Letter of Credit No. T-208269 in the original stated amount of \$100,000,000 (the “Letter of Credit”) issued by Chemical Bank (The Chase Manhattan Bank National Association merged into Chemical Bank and Chemical Bank then changed its name to The Chase Manhattan Bank which has since been changed to JPMorgan Chase Bank, N.A.) (the “Bank”) pursuant to a Letter of Credit and Reimbursement Agreement dated as of March 25, 1993 between the Authority and the Bank (as amended from time to time, the “Letter of Credit Agreement”); and

WHEREAS, for the purpose of providing the Trustee with funds for the payment of principal on the Bonds under certain circumstances, the Authority entered into a Bank Line of Credit Agreement dated as of March 25, 1993 (as amended from time to time, the “Bank Line of Credit Agreement”) with the Bank; and

WHEREAS, for the purpose of providing the paying agent with funds for the purchase of Bonds tendered to it for payment, or required to be purchased on the effective date of a fixed rate or required to be purchased upon the expiration, termination or substitution of the credit facility, line agreement or liquidity facility, the Authority caused the Bank to enter into a Bank Bond Purchase Agreement dated as of March 25, 1993 (as amended from time to time, the “Bank Bond Purchase Agreement”) with the Authority and the Trustee, pursuant to which the Bank will agree to purchase such Bonds at the principal amount thereof (up to the aggregate principal amount of Bonds Outstanding, as defined therein), to the extent that moneys are not otherwise available therefor under the terms of the Original Trust Agreement; and

WHEREAS, the Letter of Credit, the Stated Termination Date as defined in the Letter of Credit Agreement, the Bank Line of Credit Agreement and the Bank Bond Purchase Agreement (collectively, the “Bank Documents”) were originally scheduled to be terminated at 5:00 P.M. on March 25, 1996, unless such date were extended by the Bank at the request of the Authority; and

WHEREAS, the Bank and the Authority have heretofore amended the Bank Documents so that the Bank Documents may be outstanding through March 25, 2007; and

WHEREAS, the Bank and the Authority have reached an understanding as reflected in a letter to the Authority dated March 7, 2005, attached hereto as Exhibit A (i) to further amend the Bank Documents so that the Bank Documents may be outstanding through March 25, 2008; and (ii) to change the definition of Stated Termination Date in the Letter of Credit Agreement to March 25, 2008.

WHEREAS, the form of the Eighteenth Supplemental Trust Agreement (the “Eighteenth Supplemental Trust Agreement”) as attached hereto as Exhibit B instructs the Trustee to accept the Amendment No. 11 (the “Amendment”);

NOW, THEREFORE BE IT RESOLVED by the New Jersey Health Care Facilities Financing Authority as follows:

1. The Authority hereby approves the form of the Eighteenth Supplemental Trust Agreement.

2. The Authority is hereby authorized and directed to execute the Amendment to effectuate said extension and revision in such form or forms as the Authority's counsel may advise and the Executive Director of the Authority may approve and the Eighteenth Supplemental Trust Agreement with such changes therein as the Authority's counsel may advise and the Executive Director of the Authority may approve. Such approval will be evidenced by

the execution of the Eighteenth Supplemental Trust Agreement. The Executive Director of the Authority is hereby authorized and directed to execute any other documentation deemed necessary and appropriate by the Authority's counsel to complete the extension of the termination date of the Bank Documents.

3. All prior resolutions of the Authority or any portions thereof to the extent inconsistent with this Resolution are hereby repealed.

4. This Resolution shall take effect ten days exclusive of Saturdays, Sundays, and public holidays, after delivery to the Governor of the minutes of the meeting of the Authority at which this Resolution is adopted, or such earlier time as the Governor signs a statement of approval, all in accordance with Subsection (i) of Section 4 of the New Jersey Health Care Facilities Financing Authority Law, as amended.

**CERTIFICATE**

I, the below listed Assistant Secretary of the New Jersey Health Care Facilities Financing Authority, a public body politic and corporate of the State of New Jersey, HEREBY CERTIFY that the foregoing resolution entitled "Resolution Relating to Capital Asset Financing Program, Series A-D Eighteenth Supplemental Trust Agreement Letter of Credit Extension", is a true copy of an original resolution which was duly adopted by said Authority at a meeting thereof which was duly called and held on March 24, 2005, and at which a quorum was present and acted throughout, and that said copy has been compared by me with the original resolution recorded in the records of the Authority and that it is a correct transcript thereof and of the whole of said resolution, and that said original resolution has not been altered, amended or repealed but is in full force and effect.

IN WITNESS WHEREOF, I have hereunto set my hand and affixed the seal of said Authority this \_\_\_\_\_ day of \_\_\_\_\_, 2005.

\_\_\_\_\_  
Assistant Secretary

[SEAL]

NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY  
to  
THE BANK OF NEW YORK  
(successor by acquisition of the rights and responsibilities of Summit Bank's Corporate Trust Department, which assumed such  
rights and responsibilities when Summit Bank merged with United Jersey Bank, the original Trustee),  
as Trustee

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**EIGHTEENTH SUPPLEMENTAL TRUST AGREEMENT**  
**dated as of March 24, 2005**

Supplementing and Amending the  
TRUST AGREEMENT  
dated as of September 1, 1985,

FIRST SUPPLEMENTAL TRUST AGREEMENT  
dated as of September 30, 1988,

SECOND SUPPLEMENTAL TRUST AGREEMENT  
dated as of October 7, 1991,

THIRD SUPPLEMENTAL TRUST AGREEMENT  
dated as of November 21, 1991,

FOURTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of July 17, 1992,

FIFTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of March 25, 1993,

SIXTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of July 28, 1994, and

SEVENTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of September 20, 1995

EIGHTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of April 24, 1997

NINTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of March 26, 1998

TENTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of March 26, 1998

ELEVENTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of April 29, 1999

TWELFTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of April 27, 2000

THIRTEENTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of April 26, 2001

FOURTEENTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of September 26, 2001

FIFTEENTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of April 25, 2002

SIXTEENTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of May 22, 2003

SEVENTEENTH SUPPLEMENTAL TRUST AGREEMENT  
dated as of April 12, 2004

## EIGHTEENTH SUPPLEMENTAL TRUST AGREEMENT

THIS EIGHTEENTH SUPPLEMENTAL TRUST AGREEMENT dated as of March 24, 2005 (the "Eighteenth Supplemental Trust Agreement"), supplementing and amending the Trust Agreement dated as of September 1, 1985 (the "Original Trust Agreement"), the First Supplemental Trust Agreement dated as of September 30, 1988 (the "First Supplemental Trust Agreement"), the Second Supplemental Trust Agreement dated as of October 7, 1991 (the "Second Supplemental Trust Agreement"), the Third Supplemental Trust Agreement dated as of November 21, 1991 (the "Third Supplemental Trust Agreement"), the Fourth Supplemental Trust Agreement dated as of July 17, 1992 (the "Fourth Supplemental Trust Agreement"), the Fifth Supplemental Trust Agreement dated as of March 25, 1993 (the "Fifth Supplemental Trust Agreement"), the Sixth Supplemental Trust Agreement dated as of July 28, 1994 (the "Sixth Supplemental Trust Agreement"), the Seventh Supplemental Trust Agreement dated as of September 20, 1995 (the "Seventh Supplemental Trust Agreement") the Eighth Supplemental Trust Agreement dated as of April 24, 1997 (the "Eighth Supplemental Trust Agreement"), the Ninth Supplemental Trust Agreement dated as of March 26, 1998 (the "Ninth Supplemental Trust Agreement"), the Tenth Supplemental Trust Agreement dated as of March 26, 1998 (the "Tenth Supplemental Trust Agreement"), the Eleventh Supplemental Trust Agreement dated as of April 29, 1999 (the "Eleventh Supplemental Trust Agreement"), the Twelfth Supplemental Trust Agreement dated as of April 27, 2000 (the "Twelfth Supplemental Trust Agreement"), the Thirteenth Supplemental Trust Agreement dated April 26, 2001 (the "Thirteenth Supplemental Trust Agreement"), the Fourteenth Supplemental Trust Agreement dated as of September 26, 2001 (the "Fourteenth Supplemental Trust Agreement"), the Fifteenth Supplemental Trust Agreement dated as of April 25, 2002 (the "Fifteenth Supplemental Trust Agreement"), the Sixteenth Supplemental Trust Agreement dated as of May 22, 2003 (the "Sixteenth Supplemental Trust Agreement") and the Seventeenth Supplemental Trust Agreement dated as of April 12, 2004 (the "Seventeenth Supplemental Trust Agreement") all by and between the NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY (the "Authority"), a public body corporate and politic and a political subdivision of the State of New Jersey (the "State") and THE BANK OF NEW YORK (successor by acquisition of the rights and responsibilities of Summit Bank's Corporate Trust Department, which assumed such rights and responsibilities when Summit Bank merged with United Jersey Bank, the original Trustee) (the "Trustee"), a banking corporation organized and duly existing under the laws of the State of New York, having a principal corporate trust office in West Paterson, New Jersey.

### W I T N E S S E T H:

WHEREAS, the Authority was duly created under the New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c. 29 (N.J.S.A. 26:2I-1 *et seq.*) and now exists and is operating pursuant to the amendment and supplement thereto, constituting P.L. 1997 c.435, effective January 19, 1998 (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; and

WHEREAS, in order to carry out its authorized purposes in providing funds for the financing and refinancing of the cost of the acquisition and installation of major movable and fixed equipment, and of construction and renovation of projects used or useful in connection with the provision of health care services by, or in the operation of, health care organizations

("Capital Assets"), the Authority deems it necessary to borrow money from time to time and to evidence such borrowings by the issuance of its obligations; and

WHEREAS, for the purposes of financing and refinancing the cost of Capital Assets of health care organizations in the State, the Authority issued its Variable Rate Demand Revenue Bonds (Hospital Capital Asset Financing Program), 1985 Series A, 1985 Series B, 1985 Series C and 1985 Series D in the aggregate principal amount of \$100,000,000 (collectively, the "Bonds"); and

WHEREAS, the Authority lends the proceeds of the Bonds to "Health Care Organizations", as defined in the Act; and

WHEREAS, for additional security for the Bonds, the Authority has caused to be delivered to the Trustee an Irrevocable Letter of Credit No. T-208269 in the original stated amount of \$100,000,000 (the "Letter of Credit"), issued by Chemical Bank (The Chase Manhattan Bank National Association merged into Chemical Bank and Chemical Bank then changed its name to The Chase Manhattan Bank which has since been changed to JPMorgan Chase Bank, N.A.) (the "Bank") pursuant to a Letter of Credit and Reimbursement Agreement dated as of March 25, 1993 between the Authority and the Bank (as amended from time to time, the "Letter of Credit Agreement"); and

WHEREAS, for the purpose of providing the Trustee with funds for the payment of principal of the Bonds under certain circumstances, the Authority has entered into a Bank Line of Credit Agreement dated March 25, 1993 (as amended from time to time, the "Bank Line of Credit Agreement") with the Bank; and

WHEREAS, for the purpose of providing the paying agent with funds for the purchase of Bonds tendered to it for payment, or required to be purchased on the effective date of a fixed rate or required to be purchased upon the expiration, termination or substitution of the credit facility, line agreement or liquidity facility, the Authority has caused the Bank to enter into a Bank Bond Purchase Agreement dated as of March 25, 1993 (as amended from time to time, the "Bank Bond Purchase Agreement") with the Authority and the Trustee, pursuant to which the Bank will agree to purchase such Bonds at the principal amount thereof (up to the aggregate principal amount of Bonds Outstanding), to the extent that moneys are not otherwise available therefor under the terms of the Trust Agreement, as amended and supplemented; and

WHEREAS, the Letter of Credit, the Stated Termination Date as defined in the Letter of Credit Agreement, the Bank Line of Credit Agreement and the Bank Bond Purchase Agreement (collectively, the "Bank Documents") were originally scheduled to terminate at 5:00 P.M. on March 25, 1996 unless such date was extended by the Bank at the request of the Authority; and

WHEREAS, the Bank and the Authority have heretofore amended the Bank Documents so that the Bank Documents may be outstanding through March 25, 2007; and

WHEREAS, the Bank and the Authority have reached an understanding as reflected in a letter to the Authority dated March 7, 2005, attached hereto as Exhibit A, (i) to further amend the Bank Documents so that the Bank Documents may be outstanding through March 25, 2008, (ii) to change the definition of Stated Termination Date in the Letter of Credit Agreement to March 25, 2008, and which proposal is hereby accepted by the Authority as evidenced by Resolution adopted March 24, 2005 (collectively, the “Amendment”); and

WHEREAS, the Authority has determined that it is desirable to amend the Original Trust Agreement as herein provided in order to facilitate the further amendment of the Bank Documents; and

WHEREAS, notice of the proposed execution of this Eighteenth Supplemental Trust Agreement will be given to Moody’s Investors Service, Inc. in accordance with the provisions of Section 13.01 of the Original Trust Agreement;

NOW, THEREFORE, THIS EIGHTEENTH SUPPLEMENTAL TRUST AGREEMENT WITNESSETH that in consideration of the mutual covenants herein contained, and intending to be legally bound hereby, the Authority and the Trustee hereby agree for the equal and proportionate benefit of the holders from time to time of the Bonds, as follows:

*Section 1. Definitions and Terms.* Unless the context shall otherwise require, and except as provided in this Eighteenth Supplemental Trust Agreement, the words and terms used in this Eighteenth Supplemental Trust Agreement shall have the meanings specified in the Original Trust Agreement, as amended by the Ninth Supplemental Trust Agreement and the Fourteenth Supplemental Trust Agreement providing for changes in certain terms as a result of the Amendments to the Act referenced in the preambles herein. Except as otherwise indicated or provided, words importing persons include firms, associations and corporation, and words importing the single number include the plural number and vice versa.

*Section 2. Confirmation of Original Trust Agreement.* The Original Trust Agreement, the First Supplemental Trust Agreement, the Second Supplemental Trust Agreement, the Third Supplemental Trust Agreement, the Fourth Supplemental Trust Agreement, the Fifth Supplemental Trust Agreement, the Sixth Supplemental Trust Agreement, the Seventh Supplemental Trust Agreement, the Eighth Supplemental Trust Agreement, the Ninth Supplemental Trust Agreement, the Tenth Supplemental Trust Agreement, the Eleventh Supplemental Trust Agreement, the Twelfth Supplemental Trust Agreement, the Thirteenth Supplemental Trust Agreement, the Fourteenth Supplemental Trust Agreement, the Fifteenth Supplemental Trust Agreement, the Sixteenth Supplemental Trust Agreement, the Seventeenth Supplemental Trust Agreement and this Eighteenth Supplemental Trust Agreement shall be read, taken and construed as one and the same instrument. Except as amended and supplemented hereby and in the First Supplemental Trust Agreement, the Second Supplemental Trust Agreement, the Third Supplemental Trust Agreement, the Fourth Supplemental Trust Agreement, the Fifth Supplemental Trust Agreement, the Sixth Supplemental Trust Agreement, the Seventh Supplemental Trust Agreement, the Eighth Supplemental Trust Agreement, the Ninth Supplemental Trust Agreement, the Tenth Supplemental Trust Agreement, the Eleventh

Supplemental Trust Agreement, the Twelfth Supplemental Trust Agreement, the Thirteenth Supplemental Trust Agreement, the Fourteenth Supplemental Trust Agreement, the Fifteenth Supplemental Trust Agreement, the Sixteenth Supplemental Trust Agreement and the Seventeenth Supplemental Trust Agreement, the provisions of the Original Trust Agreement shall remain in full force and effect.

*Section 3.*     Authorization to Trustee. The Trustee is hereby authorized and directed to accept Amendment No. 11 to Irrevocable Letter of Credit No. T-208269 issued by Chemical Bank (The Chase Manhattan Bank National Association merged into Chemical Bank and Chemical Bank then changed its name to The Chase Manhattan Bank which has since been changed to JPMorgan Chase Bank, N.A.), and to enter into Amendment No. 11 to the Letter of Credit and Reimbursement Agreement, the Bank Line of Credit Agreement and the Bank Bond Purchase Agreement dated as of April \_\_\_\_, 2005 among the Authority, the Bank and the Trustee (collectively, the “Amendment”). The Bank Documents, as amended, shall for all purposes of the Original Trust Agreement, the First Supplemental Trust Agreement, the Second Supplemental Trust Agreement, the Third Supplemental Trust Agreement, the Fourth Supplemental Trust Agreement, the Fifth Supplemental Trust Agreement, the Sixth Supplemental Trust Agreement, the Seventh Supplemental Trust Agreement, the Eighth Supplemental Trust Agreement, the Ninth Supplemental Trust Agreement, the Tenth Supplemental Trust Agreement, the Eleventh Supplemental Trust Agreement, the Twelfth Supplemental Trust Agreement, the Thirteenth Supplemental Trust Agreement, the Fourteenth Supplemental Trust Agreement, the Fifteenth Supplemental Trust Agreement, the Sixteenth Supplemental Trust Agreement, the Seventeenth Supplemental Trust Agreement and this Eighteenth Supplemental Trust Agreement be deemed to be the Credit Facility, Liquidity Facility and Line Agreement.

*Section 4.*     Counterparts. This Eighteenth Supplemental Trust Agreement may be executed in several counterparts, each of which shall be regarded as the original and all of which shall constitute one and the same Eighteenth Supplemental Trust Agreement.

*Section 5.*     Effective Date. This Eighteenth Supplemental Trust Agreement shall be effective upon the execution of the Amendment and this Eighteenth Supplemental Trust Agreement.

IN WITNESS WHEREOF, NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY has caused this Eighteenth Supplemental Trust Agreement to be executed by its Executive Director and its corporate seal to be hereunto affixed, attested by its Assistant Secretary, and THE BANK OF NEW YORK (successor by acquisition of the rights and responsibilities of Summit Bank's Corporate Trust Department, which assumed such rights and responsibilities when Summit Bank merged with United Jersey Bank, the original Trustee) has caused this Eighteenth Supplemental Trust Agreement to be executed by one of its Vice Presidents and its seal to be hereunto affixed, attested by one of its duly authorized officers, all as of the day and year first above written.

[SEAL]

NEW JERSEY HEALTH CARE  
FACILITIES FINANCING AUTHORITY

Attest:

\_\_\_\_\_  
Assistant Secretary

By: \_\_\_\_\_  
Executive Director

[SEAL]

THE  
BANK OF NEW YORK (successor in  
interest to Summit Bank, successor in  
interest to United Jersey Bank), as Trustee

Attest:

\_\_\_\_\_  
Authorized Officer

By: \_\_\_\_\_  
Vice President

Consented to, in accordance with the provisions of  
Section 13.01 of the Original Trust Agreement.

JPMORGAN CHASE BANK, N.A.,  
as Credit Enhancement Issuer

By: \_\_\_\_\_  
Vice President

**AMENDMENT NO. 11  
TO LETTER OF CREDIT AND REIMBURSEMENT AGREEMENT,  
TO BANK LINE OF CREDIT AGREEMENT  
AND TO BANK BOND PURCHASE AGREEMENT**

AMENDMENT NO. 11, dated as of April \_\_\_\_, 2005, among the NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY (the "Authority"), JPMorgan Chase Bank, N.A. (The Chase Manhattan Bank National Association merged into Chemical Bank and Chemical Bank then changed its name to The Chase Manhattan Bank which has since been changed to JPMorgan Chase Bank, N.A.) (the "Bank") and THE BANK OF NEW YORK, successor by acquisition of the rights and responsibilities of Summit Bank's Corporate Trust Department, which assumed such rights and responsibilities when Summit Bank merged with United Jersey Bank, the original Trustee, not in its individual capacity, but solely as Trustee under the Trust Agreement (the "Trustee").

W I T N E S S E T H:

WHEREAS, the parties hereto (except for the Trustee in the case of the Reimbursement Agreement (as defined below), which is not a party thereto) have heretofore entered into a Letter of Credit and Reimbursement Agreement, a Bank Line of Credit Agreement and a Bank Bond Purchase Agreement in each case dated as of March 25, 1993 (respectively the "Reimbursement Agreement", the "Credit Agreement" and the "Purchase Agreement" and, collectively, the "Agreements"); and

WHEREAS, the Agreements were heretofore amended by Amendment No. 1 to Letter of Credit and Reimbursement Agreement, to Bank Line of Credit Agreement and to Bank Bond Purchase Agreement dated as of July 28, 1994 ("Amendment No. 1"), Amendment No. 2 to Letter of Credit and Reimbursement Agreement, to Bank Line of Credit Agreement and to Bank Bond Purchase Agreement dated as of September 20, 1995 ("Amendment No. 2"), Amendment No. 3 to Letter of Credit and Reimbursement Agreement, to Bank Line of Credit Agreement and to Bank Bond Purchase Agreement dated as of April 24, 1997 ("Amendment No. 3"), Amendment No. 4 to Letter of Credit and Reimbursement Agreement, to Bank Line of Credit Agreement and to Bank Bond Purchase Agreement dated as of March 26, 1998 ("Amendment No. 4"), Amendment No. 5 to Letter of Credit and Reimbursement Agreement, to Bank Line of Credit Agreement and Bank Bond Purchase Agreement dated as of April 29, 1999 and to ("Amendment No. 5"), Amendment No. 6 to Letter of Credit and Reimbursement Agreement, to Bank Line of Credit Agreement and Bank Bond Purchase Agreement dated as of April 27, 2000 ("Amendment No. 6"), Amendment No. 7 to Letter of Credit and Reimbursement Agreement dated as of April 26, 2001, ("Amendment No. 7"), Amendment No. 8 to Letter of Credit Reimbursement Agreement dated April 25, 2002 ("Amendment No. 8"), Amendment No. 9 to Letter of Credit Reimbursement Agreement dated May 22, 2003 ("Amendment No. 9") and Amendment No. 10 to Letter of Credit Reimbursement Agreement dated April 12, 2004 ("Amendment No. 10") and together with Amendments No. 1, 2, 3, 4, 5, 6, 7, 8, 9 and 10, the "Amendments"); and

WHEREAS, the parties hereto (except for the Trustee in the case of the Reimbursement Agreement (as defined below), which is not a party thereto) desire to further amend the Agreements as set forth below;

NOW, THEREFORE, the parties hereto agree as follows (it being understood that the agreement of the Trustee set forth below does not apply to amendments to the Reimbursement Agreement).

*Section 1.* Definitions, References. Unless otherwise specifically defined herein, each term used herein which is defined in the Reimbursement Agreement shall have the meaning assigned to such term in the Reimbursement Agreement. Each reference to “hereof”, “hereunder”, “herein” and “thereby” and each other similar reference and each reference to “this Agreement” and each other similar reference contained in any Agreement shall from and after the date hereof refer to such Agreement as amended hereby.

*Section 2.* Amendment of Section 1.1 of the Reimbursement Agreement. The definition of the term “Stated Termination Date” contained in Section 1.1 of the Reimbursement Agreement, as heretofore amended by the Amendments, is further amended hereby by deleting the reference therein to March 25, 2007 and inserting in lieu thereof a reference to “March 25, 2008”.

*Section 3.* Amendment of Section 2.1 of the Credit Agreement. The reference to “March 25, 2007” contained in clause (i) of the first sentence of the second paragraph of Section 2.1 of the Credit Agreement, as heretofore amended by the Amendments, is further amended hereby by deleting such reference and inserting in lieu thereof a reference to “March 25, 2008”.

*Section 4.* Amendment of Section 1 of the Purchase Agreement. The reference to “March 25, 2007” contained in clause (vi) of the definition of “Termination Date” contained in Section 1 of the Purchase Agreement, as heretofore amended by the Amendments, is further amended hereby by deleting such reference and inserting in lieu thereof a reference to “March 25, 2008”.

*Section 5.* Amendment of the Letter of Credit. The Letter of Credit, as heretofore amended by the Amendments, shall be amended as provided in Exhibit A hereto.

*Section 6.* Governing Law. The Authority's power to authorize, execute and perform this Amendment No. 11 shall be governed by the laws of the State of New Jersey. In all other respects, this Amendment No. 11 shall be construed in accordance with and governed by the laws of the State of New York.

*Section 7.*     Counterparts, Effectiveness.     This Amendment No. 11 may be signed in any number of counterparts, each of which shall be an original, with the same effect as if the signatures thereto and hereto were upon the same instrument. This Amendment No. 11 shall become effective as of the date hereof when the Bank shall have received duly executed counterparts hereof signed by the parties hereto.

IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 11 to be duly executed as of the date first above written.

NEW JERSEY HEALTH CARE  
FACILITIES FINANCING AUTHORITY

By: \_\_\_\_\_  
Title: Executive Director

JPMORGAN CHASE BANK, N.A.

By: \_\_\_\_\_  
Title: Vice President

THE BANK OF NEW YORK (successor in interest to Summit Bank, a successor in interest to United Jersey Bank), not in its individual capacity, but solely as Trustee under the Trust Agreement

By: \_\_\_\_\_  
Title: Vice President

**Exhibit A**

[Letterhead of JPMorgan Chase Bank, N.A.]

April \_\_\_, 2005

THE BANK OF NEW YORK (successor in interest to Summit Bank,  
successor in interest to United Jersey Bank)  
385 Rifle Camp Road  
West Paterson, NJ 07424

Attn: Corporate Trust Department

Ladies and Gentlemen:

Reference is hereby made to Irrevocable Letter of Credit No. T-208269 dated March 25, 1993. Please be advised that clause (v) of the definition of the term "Stated Expiration Date" contained in the seventh paragraph of the Letter of Credit, as heretofore amended by our letters dated August 26, 1994, November 30, 1995, April 24, 1997, March 26, 1998, June 7, 1999, May 24, 2000, April 26, 2001, April 17, 2002, April 21, 2003 and April 4, 2004 is hereby amended in its entirety and restated as follows:

"(v) 5:00 p.m. (New York City time) on March 25, 2008 (as such date may be extended, in our sole discretion, by written notice to you in accordance with the provisions of the Trust Agreement) or, if such day is not a banking day then at 5:00 p.m. (New York City time) on the next succeeding banking day."

Very truly yours,

JPMORGAN CHASE BANK, N.A.

By: \_\_\_\_\_  
Title: Vice President

April \_\_\_, 2005

New Jersey Health Care Facilities Financing Authority  
Station Plaza - Building 4  
South Clinton and Yard Avenues  
Trenton, New Jersey 08625

The Bank of New York  
385 Camp Rifle Road  
West Paterson, New Jersey 07424

JPMorgan Chase Bank, N.A.  
1166 Avenue of the Americas  
16<sup>th</sup> Floor  
New York, NY 10036-2708

**Re: New Jersey Health Care Facilities Financing Authority Variable Rate Demand Revenue Bonds (Hospital Capital Asset Financing Program), 1985 Series A, 1985 Series B, 1985 Series C and 1985 Series D**

Ladies and Gentlemen:

We have acted as Bond Counsel in connection with the amendments of the Trust Agreement (as defined below) and certain other documents by the New Jersey Health Care Facilities Financing Authority (the "Authority") in furtherance of its Hospital Capital Asset Financing Program and the \$100,000,000 Variable Rate Demand Revenue Bonds, 1985 Series A, 1985 Series B, 1985 Series C and 1985 Series D, which were issued under and are secured by a Trust Agreement dated as of September 1, 1985, as amended and supplemented (the "Trust Agreement"), between the Authority and The Bank of New York (successor by acquisition of the rights and responsibilities of Summit Bank's Corporate Trust Department, which assumed such rights and responsibilities when Summit Bank merged with United Jersey Bank, the original Trustee), as Trustee (the "Trustee").

We have reviewed the Eighteenth Supplemental Trust Agreement dated as of April \_\_\_, 2005 between the Trustee and the Authority (the "Supplemental Indenture"). We are delivering this opinion pursuant to Section 13.05 of the Trust Agreement.

Please be advised that in our opinion, the Supplemental Indenture is permitted pursuant to the terms of Article XIII of the Trust Agreement and has been authorized by the Authority and (assuming the due authorization, execution and delivery thereof by the Trustee) all things necessary to make the Supplemental Indenture a valid and binding agreement have been done.

This opinion is furnished to you by us solely for your benefit and may not be used or quoted, in whole or in part, to others nor relied upon by others, without our express prior written consent.

Very truly yours,

April \_\_\_, 2005

Moody's Investors Service, Inc.  
Municipal Department  
99 Church Street  
New York, New York 10007

*Via Certified Mail --  
Return Receipt Requested*

Re: New Jersey Health Care Facilities Financing Authority, Variable  
Rate Demand Revenue Bonds (Hospital Capital Asset Financing  
Program), 1985 Series A, 1985 Series B, 1985 Series C and 1985  
Series D

Ladies and Gentlemen:

We are counsel to the New Jersey Health Care Facilities Financing Authority (the "Authority"). Pursuant to Section 13.01 of the Trust Agreement dated as of September 1, 1985, as heretofore amended and supplemented, by and between the Authority and The Bank of New York, (successor by acquisition of the rights and responsibilities of Summit Bank's Corporate Trust Department, which assumed such rights and responsibilities when Summit Bank merged with United Jersey Bank, the original Trustee), as trustee of the above referenced bonds (the "Trustee"), on behalf of the Authority we hereby notify you that on April \_\_\_, 2005, the Authority entered into a Eighteenth Supplemental Trust Agreement with the Trustee. A copy of such Agreement is attached hereto for your convenience.

Very truly yours,

Edward J. McManimon, III

Enclosure

cc: Mark E. Hopkins, Executive Director  
Ronald S. Marmelstein, Senior Account Administrator