Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on March 27, 2008 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, New Jersey.

The following **Authority Members** were in attendance:
William Conroy (Chair pro-tem), Designee of the Commissioner of Health and Senior Services; Ulysses Lee, Public Member (via telephone); Maryann Kralik, Designee of the Commissioner of Banking and Insurance; and, Eileen Stokley, Designee of the Commissioner of Human Services.

The following **Authority staff members** were in attendance:
Mark Hopkins, Dennis Hancock, Jim VanWart, Steve Fillebrown, Lou George, Bill McLaughlin, Suzanne Walton, Carole Conover, Taryn Jauss, Mae Jeffries-Grant, Michael Ittleson, Ron Marmelstein, Marji McAvoy, and Stephanie Bilovsky.

The following **representatives from State offices and/or the public** were in attendance:
Chuck Toto, Robert Ernst, Hawkins Delafield & Wood LLP; Thomas Regner, Regner & Associates; David Kostinas, DKA; Randy Nelson, Ernst & Young; Terrence French, St. Michael's Medical Center; Rich Smith, Solaris Health System; Randy Schultz, Catholic Health East; Brian Francz, New Jersey Office of Management and Budget; Chris Clark, Terry Dermody, Business Governmental Insurance Agency; Carl Underland, Carlisle & Associates, LLC; Scott Kobler, McCarter & English; Gary Walsh, Windels Marx Lane & Mittendorf; Sharon Price-Cates, Governor's Authorities Unit; and, Rubin D. Weiner, Deputy Attorney General.

CALL TO ORDER

Mark Hopkins called the meeting to order at 10:05 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 24, 2007 Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, notice of this meeting was delivered to all newspapers with mailboxes at the Statehouse, including *The Star-Ledger* and the *Courier Post,* enough in advance to permit the publication of an announcement at least 48 hours before the meeting.

In the absence of the Authority's Chairperson and Vice Chair, Ms. Stokley nominated Bill Conroy to serve as Chair pro-tem for the March 27, 2008 meeting. Mr. Lee seconded. The vote was unanimous.

AB RESOLUTION NO. HH-111

NOW, THEREFORE, BE IT RESOLVED, that, in the absence of the Authority's Chairperson and Vice Chairperson, William Conroy will serve as the chair pro tem for the March 27, 2008 Authority meeting.

APPROVAL OF MINUTES

A. February 28, 2008 Authority Meeting

Minutes from the Authority's February 28, 2008 meeting were presented for approval. Ms. Stokley offered a motion to approve the minutes; Ms. Kralik seconded. Mr. Conroy voted yes, Mr. Lee voted yes, Ms. Kralik voted yes, and Ms. Stokley voted yes. The minutes were approved.

B. March 11, 2008 Special Meeting

Minutes from the Authority's March 11, 2008 special meeting were presented for approval. Ms. Kralik offered a motion to approve the minutes; Mr. Lee seconded. Mr. Conroy voted yes, Mr. Lee voted yes, Ms. Kralik voted yes, and Ms. Stokley abstained. The minutes were approved.

AUDIT COMMITTEE REPORT

Ms. Kralik, who chaired the Authority's March 11, 2008 Audit Committee meeting, began by introducing Randy Nelson, Executive Director from Ernst & Young, the Authority's auditor. She then stated that, at the committee's meeting, Mr. Nelson reviewed the Authority's proposed 2007 audit.

Ms. Kralik noted that one major change between this audit and audits past, is that in addition to following Generally Accepted Accounting Standards, this audit was also performed according to Governmental Auditing Standards which are more stringent. As a result, this audit also includes a report on internal controls within the audited financial statements, in accordance with the Governmental Auditing Standards. In previous audits, the internal controls report was provided as a separate document.

Ms. Kralik reported that Ernst & Young found no problems with the Authority's internal controls. In fact, Mr. Nelson had commended the Authority's high regard for internal controls, attributing them to experienced and knowledgeable Authority staff supported by firm Authority policies and procedures. Because of these strong internal controls, Ernst & Young felt no need to prepare a Letter to Management with this audit since there were no areas of concern that required identification for improvement.

Further, Ernst & Young's audit of the 2007 financials found:

- No unusual Authority transactions,
- No unrecorded audit differences,
- No fraudulent or illegal acts,
- No material weaknesses,
- No internal controls concern, and
- No difficulties with management.

In light of such a positive audit report, Ms. Kralik commended the Authority's Operations Department for another year of outstanding work.

Ms. Kralik reported that the Audit Committee voted unanimously to recommend the Authority's acceptance of the 2007 Audit. Therefore, on behalf of the Audit Committee, Ms. Kralik made a motion to approve the Authority's 2007 audit and authorize its submission to the Governor, members of the Legislature, the Secretary of State, and the Comptroller of the Treasury by March 31st, as is required by the Authority's enabling legislation. Ms. Stokley seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. HH-112

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the 2007 audit and authorizes its submission to the Governor, members of the Legislature, the Secretary of State, and the Comptroller of the Treasury by March 31st, as is required by the Authority's enabling legislation.

BOND SALE REPORT

Hackensack University Medical Center

Dennis Hancock reported that later today, staff will sign a purchase contract for the sale of $250 million of bonds issued on behalf of Hackensack University Medical Center ("HUMC"). The bonds were offered by the underwriters yesterday morning after reviewing thoughts on price with the Authority staff, HUMC staff, Trustee representatives and HUMC's financial advisor. The consensus of the entire group was that the marketing should begin at attractive yield levels, in order to counteract the general market uneasiness. The managers' interest rate recommendations suggested that the uninsured shorter maturities, with the exception of the first maturity on January 2009, would likely be the most difficult to sell. On the other hand, the insured term bonds were expected to attract attention from a broad group of investors.

Mr. Hancock added that, after a two hour order period, the expectations proved correct. There was little interest in the serial maturities and the term bonds were strongly supported. The managers suggested changes to the yield levels and offered to purchase the bonds. Yields ranged from 3.25% for the uninsured 2009 maturity to 5.44% for the insured maturity in 2041. The all-in true interest cost is 5.52%. This presentation was for informational purposes only; no action was required.

INFORMATION PRESENTATION & PROJECTIONS

St. Michael's Medical Center, Inc.

Bill McLaughlin began by introducing Randal Schultz, VicePresident of Capital Management and Strategy for Catholic Health East. Mr. McLaughlin then reported that St. Michael's Medical Center ("St. Michael's"), located in Newark, is expected to acquire, either itself or through affiliates, three facilities currently governed by Cathedral Health System: St. Michael's, St. James Hospital and Columbus Hospital. St. Michael's is an affiliate of Catholic Health East and has requested that the Authority consider the issuance of bonds in the approximate aggregate amount of $253,000,000 on its behalf, the proceeds of which are expected to be used: to fund the acquisition of St. Michael's and St. James; to fund the acquisition of certain capital budget items for use at the St. Michael's facility; to fund the Debt Service Reserve; and to pay related costs of issuance.

Funding for the acquisition is expected to be achieved through the issuance of one or more series of bonds secured by a contract with the Treasurer as permitted under the Hospital Asset Transformation Program. This Program is available to St. Michael's as a result of its plan to terminate acute care inpatient operations at St. James. Certificate of Need and Community Health Assets Protection Act ("CHAPA") applications have been filed concerning the St. Michael's and St. James sale with decisions expected during early April 2008. The acquisition of Columbus and the anticipated closure of acute care operations at that facility will go through the Certificate of Need and CHAPA processes at a later date.

Mr. McLaughlin noted that staff is currently meeting with a working group, which includes the Office of Public Finance, to prepare documents and to finalize the bond structure with the hope of returning to the Authority with a request for Contingent Sale at the regularly scheduled April meeting.

At this point, Mr. McLaughlin turned the floor over to Steve Fillebrown to present the financial projections.

The forecast period for the projections is 2008 to 2014. In that timeframe, operating margins start at negative 4.4% in 2009 but improve every year of the forecast period, turning positive in 2014. Profit margins show a similar trend. However, the hospital is projected to meet the financial tests that will result in full forgiveness of debt service in 2008 through 2012 and partial forgiveness of debt service in 2013. With that forgiveness, margins will be positive in all years except 2013. The debt service coverage ratio shows similar trend to margins. Excluding debt service forgiveness, the ratio is below 1.0 in 2009 but improves over the forecast period, reaching 2.50 in 2014. Including debt service forgiveness, the ratio is over 2.0 for all years.

Days cash on hand starts at 42 days and rises quickly through 2012, then levels off somewhat in 2013 and 2014. Initial balance is the result of the bond issue. Without debt service forgiveness cash would decline in 2009 and 2010. Growth seen in 2011 and 2012 is the result of improving operations, forgiveness of debt service, and the fact that cash is no longer needed to reduce current liabilities to reasonable levels. The more modest growth predicted for 2013 and 2014 reflects the end of debt service forgiveness.

Accounts receivable remain at 54 days throughout the forecast period, and accounts payable decline steadily from 116 days in 2008 down to 66 days in 2011. Management plans to use available cash to reduce payables to a level close to the statewide median. After those planned reductions, payables will remain steady at 66 days for the rest of the forecast period.

In addition to the results of the projections, Mr. Fillebrown reviewed the key assumptions used in the projections. The assumptions, he stated, were more detailed than usual. The projections assume no inflation for either revenues or expenses, therefore, the changes seen are structural changes in the revenue and expense base. Mr. Fillebrown asked the Members to turn to a page entitled “Saint Michael’s P&L Reconciliation” and start at a baseline of a $13.9 million annual loss. He pointed out the improvements and new expenses implemented by new management. The bottom line is that net improvements (excluding debt service forgiveness, which is a temporary revenue source and not a structural improvement) grow throughout the forecast period from about $3 million in 2009 to over $20 million in 2014.

Mr. Fillebrown then addressed the key improvements made by the projections. The projections’ better managed care rates are based on a review of existing contracts and their expiration dates, and the supply chain savings are based on CHE/Navigant review. Improved revenue cycle management is expected through the consolidation of St. Michael’s business office into the New Jersey CHE business office. The projections’ reduction of seventy-one full-time employees is based on benchmarking from a national firm. Capture of some volume from St. James and Columbus is expected to the tune of 700 admissions (100%) of St. James behavioral health program, 1200 additional admissions (30%) from St. James, and 3000 admissions (35%) from Columbus. A reallocation of subsidies from St. James and Columbus is also reflected in the projections.

Mr. Fillebrown also noted that there will be new expenses and other changes offsetting these improvements, such as: increased interest expense, maintenance of satellite emergency rooms and other services at St. James and Columbus, increased corporate expenses (consistent with levels at CHE's other New Jersey hospitals), a forecast reduction in charity care subsidies, increased depreciation expense as a result of $20 million to 30 million in annual expenditures on property plant and equipment, and the amortization of goodwill.

Mr. Conroy asked if CHE had undertaken an acquisition of this magnitude before, to which Mr. Schultz stated that the most recent such acquisition was in when CHE acquired five hospitals from Catholic Health Initiatives in 2001. Other acquisitions have occurred since, but not of this size. Mr. Conroy asked if similarly structured projections were used for that transaction. Mr. Schultz stated that similar projections were used and the results of the transaction actually proved to be better than projected. This presentation was for informational purposes only; no action was required.

NEGOTIATED SALE REQUEST

The Community Hospital Group

Mark Hopkins began by introducing Rich Smith, Senior Vice President and Chief Financial Officer from The Community Hospital Group, Inc. He then reported that The Community Hospital Group, which does business as JFK Medical Center ("JFK"), signed a Memorandum of Understanding with the Authority to undertake a financing to: (i) fund costs of closing Muhlenberg Regional Medical Center, an affiliate through its parent Solaris Health System ("Solaris"), (ii) pay outstanding indebtedness of Muhlenberg, (iii) finance costs of transitioning certain services to JFK, and (iv) finance costs of transitioning Muhlenberg to a non-acute care facility. With costs of issuance and other related costs, the total financing is expected to total approximately $70 million.

Mr. Hopkins noted that the bonds may be issued in several series and may include both tax-exempt and taxable bonds. All of the bonds are expected to be backed by the State through the Hospital Asset Transformation Program. The maturity of the bonds is yet to be determined.

The Community Hospital Group is a subsidiary of Solaris Health System, a New Jersey not-for-profit corporation. In addition to being the parent of JFK and Muhlenberg (acute care hospitals located in Edison and Plainfield) Solaris is also the parent or affiliate of two rehabilitation facilities, an ambulatory surgery center, three long-term care facilities and a hospice.

The Authority issued approximately $26 million of its bonds in 2000 on behalf of Muhlenberg. As of December 31, 2007, approximately $18.6 million remained outstanding. Those bonds are expected to be defeased using the proceeds of this financing. The Authority also issued $22.2 million, $30.1 million and $53.2 million on behalf of JFK and other members of its obligated group in 1993, 1995 and 1998, respectively. As of December 31, 2007, approximately $9.9 million, $21.3 million and $43 million of those bonds remain outstanding. Those bonds are expected to remain outstanding.

According to the audited financial statements provided with the Memorandum of Understanding, JFK generated a decrease in cash and cash equivalents of approximately $6.9 million in 2006 and an increase in cash and cash equivalents of approximately $5 million in 2005. Hartwyk at Oak Tree, which is part of the Obligated Group, showed revenues in excess of expenses of $10,000 in 2006 and revenues less than expenses of $1 million in 2005. Unaudited information for 2007 shows the Obligated Group generated expenses in excess of revenues of approximately $4.1 million.

JFK and the Treasurer's Office of Public Finance have requested that the Authority permit the use of a negotiated sale for the bonds because the financing would involve: (i) sale of a complex financing structure, including those transactions that involve the simultaneous sale of more than one series with each series structured differently; (ii) volatile market conditions; (iii) a large issue size; and (iv) programs or financial techniques that are new to investors. These reasons are considered to be justifications for the use of a negotiated sale under the Authority's policy regarding Executive Order #26. Therefore, on behalf of staff, Mr. Hopkins recommended the consideration of the resolution approving the use of a negotiated sale and forwarding a copy of the justification in support of that resolution to the State Treasurer.

Mr. Hopkins noted that, because the bonds will be backed by a contract with the State Treasurer under the Hospital Asset Transformation Program, the Treasurer's Office of Public Finance will select a senior managing underwriter from its pool. At the direction of the Office of Public Finance, the Attorney General's Office issued a Request for Proposals for bond counsel for this financing. The Request for Proposals process is not yet complete.

Ms. Stokley asked, how much of the of the $70 million proposed would be used for the transition, to which Mr. Smith stated that $18.6 would be used to refund the outstanding Authority bonds, roughly $22 million would be used for transition costs, and the balance represents one-time non-recurrent cost related expenses. Ms. Stokley moved to adopt the resolution approving the pursuit of a negotiated sale on behalf of The Community Hospital Group, and the forwarding of a copy of the justification in support of said resolution to the State Treasurer. Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. HH-113
(attached)

AUTHORIZATION TO EXECUTE MORTGAGE ASSIGNMENT DOCUMENTS
Barnert Hospital

Jim Van Wart reported to the Members that on January 28, 1999, the Authority issued the Series 1999 bonds on behalf of Barnert Hospital in the amount of $33,265,000 to refund the Series 1991 bonds issued on December 1, 1991. The Series 1999 bonds are insured by the Department of Housing and Urban Development ("HUD") under the FHA 242 Program. As of December 31, 2007 there was $26,175,000 outstanding.

On August 15, 2007, Barnert Hospital filed for protection under Chapter 11 of the Bankruptcy Code. Barnert Hospital continued to make debt service payments through January, 2008, however, they failed to make their February 2008 payment. On March 3, 2008, the Authority, as Mortgagee and Mortgage Servicer, formally notified HUD of the non-payment, as well as the Authority's intention to start the process of assigning the Mortgage to HUD.

The Authority hired the firm of Blank, Rome LLP to be Special Counsel to the Authority with regard to this matter, and they advised the Authority that a formal resolution of the Authority should be approved authorizing the Director of Operations and Finance to execute any documents that are necessary to accomplish this transfer.

On behalf of staff, Mr. Van Wart recommended that the Director of Operations and Finance be authorized to execute any documents, after review and approval by the Attorney General's office, that Blank, Rome LLP as Special Counsel advises are necessary to accomplish the transfer of the Mortgage as well as to insure that HUD will pay Bondholders.

Ms. Stokley moved to delegate to the Director of Operations and Finance the ability to execute any documents related to the assignment of the mortgage on Barnert Hospital to HUD; Ms. Kralik seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. HH-114

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby delegates to the Authority's Director of Operations and Finance the ability to execute any documents related to the assignment of the mortgage on Barnert Hospital to HUD and to approve the execution of Mortgage Assignment documents on behalf of Barnert Hospital.

DIRECTOR'S & OFFICER LIABILITY POLICY

Mr. Conroy reminded the Members that, prior to his resignation, Public Member Dr. Cohen asked staff to investigate excess Directors & Officers Liability Insurance. Michael Ittleson then reported that, as requested, the Authority's insurance broker investigated options for excess coverage over the Authority's 20 million limit of liability policy.

The broker approached ACE USA, The Chubb Group and RSUI Indemnity Company. ACE and Chubb declined to provide quotes. RSUI provided the following quotes:

1. 5 million excess of 20 million at a cost of $12,847 plus the NJ surcharge of $205.55 for a total of $13,052.55
2. 10 million excess of 20 million for $25,691 plus $411.06 for the surcharge for a total of $26,102.06
3. 15 million excess of 20 million for $38,538 plus $616.61 for the surcharge for a total of $39,154.61

The excess coverage would only take affect once the 20 million primary layer was exhausted.

Mr. Ittleson noted that staff makes no recommendation on whether or not excess coverage should be obtained.

Seeing no need for the change in policy, no motion was made. The current policy will remain in place.

OLD/NEW BUSINESS

Resolution of Appreciation for Moshe Cohen

Mr. Conroy noted that upon the resignation of Dr. Moshe Cohen from his role as Public Member, staff prepared a Resolution of Appreciation in honor of his contribution to this Authority. Following Ms. Stokley's reading the resolution, Mr. Lee offered a motion to approve the resolution of appreciation; Ms. Stokley seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. HH-115

(attached)

AUTHORITY EXPENSES

Mr. Conroy referenced a summary of Authority expenses and invoices. Ms. Stokley offered a motion to approve the bills and to authorize their payment; Mr. Lee seconded. The vote was unanimous and the motion carried.

AB RESOLUTION NO. HH-116

WHEREAS, the Authority has reviewed memoranda dated March 20, 2008, 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 $481,245.58, $26,500.38.48 and $134,760.36.21 respectively, and has found such expenses to be appropriate;

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves all expenses as submitted and authorizes the execution of checks representing the payment thereof.

STAFF REPORTS

Mr. Conroy thanked staff for their preparation of staff reports, including the Project Development Summary, Cash Flow Statement, and Legislative Advisory were distributed to the Members. Mr. Hopkins then offered the following items in his Executive Director's Report:

1. As a result of the recent crisis in the auction rate bond market, Meridian Hospitals Corporation, Inc. is planning to convert the 2007 auction rate bonds issued by the Authority on Meridian's behalf. Approximately $146 million will be converted to fixed rate and approximately $97 million will be converted to variable rate demand obligations, the latter of which will be backed by a letter of credit.

   Meridian selected UBS as Senior Managing Underwriter for both conversions. Between now and the next Authority meeting, Mr. Hopkins expects to be asked to approve the conversion by virtue of the authority delegated to him as an Authorized Officer under the Auction Rate Conversion Delegation Resolution passed by the Authority Members at the February meeting.

   Staff will also need to appoint co-managers for the fixed rate bonds, which is another task delegated to an Authorized Officer under the Auction Rate Conversion Delegation Resolution. Mr. Hopkins stated that, provided the Authority Members have no objection, he plans to appoint as co-managers Piper Jaffrey and Roosevelt & Cross, which were requested by Meridian, as well as Raymond James and Ramirez & Co., which the Authority staff believe will complement the senior managing underwriter and Meridian's preferred co-managers on a transaction of this size and type. Each of these co-managers meets the criteria of the Authority's policy for selecting co-managers. As required by the resolution, Mr. Hopkins will report the details of the transaction once it has been completed.

   The Members had no objections to Mr. Hopkins' considerations regarding the Meridian conversion and co-manager selection. Mr. Hancock noted that Meridian anticipates distributing a marketing document as early as next week and pricing the fixed bonds as early as the following week.
2. Authority Members are required to fill out State Financial Disclosure Forms by May 15, 2008. The annual filing of these forms was mandated by Governor Corzine's Executive Order No. 1. The Financial Disclosure forms are available online at http://www.state.nj.us/ethics/disclosure/. The forms

may be filled out and submitted over the internet or printed and filed manually.

3. At the Authority's last regular meeting the possibility of two special meetings were discussed, including one on Tuesday, April 8th at 10:00 a.m. Staff received two requests for a special meeting on that date: Atlantic Health System seeking consideration of a contingent bond sale to refund its outstanding auction rate bonds, and IJKG Propco seeking to present its informational presentation with projections. If the Authority Members do not object, a special meeting will be scheduled on April 8th for those items. Mr. Conroy noted that the appropriations hearings for the Department of Health and Senior Services may be held on that date. If so, it may be a conflict, however, the Authority can still present a quorum if all the other Members can attend.

4 In hospital news, St. Mary's Hospital is still working with several interested parties to finalize an agreement to sell its Pennington Avenue Campus. St. Mary's received a $2 million extension of its accounts receivable loan and is negotiating for an additional bridge loan financing secured by the Pennington Avenue property. Cash flow statements show that the $2 million loan increase will prevent St. Mary's from experiencing a liquidity crisis until late April. A successful sale of the Pennington Avenue campus or a bridge loan is needed to avoid a potential liquidity crisis after that time.

The Commissioner of Health and Senior Services approved the State Health Planning Board's recommendation to close Liberty Health Care's Greenville Hospital on March 24th. Liberty expects to cease the provision of services there by April 23rd. Most of the population that previously used Greenville is expected to use Jersey City Medical Center, Bayonne Medical Center and Christ Hospital.

Regarding the Barnert Hospital bankruptcy, the court approved the sale of Barnert Hospital to Community Healthcare Associates LLC on March 4th. It is expected that the facility will be operated as a medical mall. The amount of the winning bid was estimated to be approximately $15 million. As of December 31, 2007, the Authority had approximately $26.2 million of bonds outstanding issued on behalf of Barnert in 1999 and $1.7 million in equipment notes issued in 2003. The Authority is in the process of assigning the Barnert mortgage to HUD, which provided mortgage insurance on those bonds. It is expected that HUD will receive approximately $6 million in cash and 75% of the value of the accounts receivable, which is estimated to be $8 million.

Regarding the Pascack Valley Hospital bankruptcy, on March 18, the bankruptcy court approved the sale of Pascack Valley Hospital to a joint venture between Hackensack University Medical Center and Touro Medical College. The bid was $45 million. Additionally, furniture, equipment and other moveable assets were sold at a separate bankruptcy auction for approximately $2.5 million. As of December 31, 2007, the Authority had approximately $81.2 million in bonds outstanding which were issued on behalf of Pascack in 1998 and 2003, both were unenhanced. It is expected that the new owners will operate a satellite emergency department and facilities for the medical school as well as other outpatient health care services at the site.

On March 14th, the National Labor Relations Board set aside the outcome of a nurse's union election at Community Medical Center and ordered that a new election be conducted. The nurses union was not endorsed at the January election, but the ruling setting aside the election found that the hospital "management's actions had unfairly affected the outcome."

Patrick Ryan has been named the new CFO at Bayonne Medical Center.

5. In Authority news, account administrator Bob Day celebrates his 15th anniversary with the Authority this month, and new employee Taryn Jauss joined the Authority staff as an administrative assistant in the Operations Department. Ms. Jauss has a Bachelor's Degree from Rider University and she is studying for a Masters at Thomas Edison State College. She previously worked as a client services coordinator at JK Group in Plainsboro.

As there was no further business to be addressed, Ms. Stokley moved to adjourn the meeting, Ms. Kralik seconded. The vote was unanimous, and the motion carried at 10:45 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 27, 2007.

Dennis Hancock
Assistant Secretary

AB RESOLUTION NO. HH-113

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

The Community Hospital Group, Inc.

WHEREAS, the New Jersey Health Care Facilities Financing Authority (the "Authority") was duly created and now exists under the New Jersey Health Care Facilities Financing Authority Law, P.L. 1972, c. 29, N.J.S.A. 26:2I-1 et seq., as amended (the "Act"), for the purpose of ensuring that all health care organizations have access to financial resources to improve the health and welfare of the citizens of the State; and,

WHEREAS, the Authority issues its bonds from time to time for the achievement of its authorized purposes; and

WHEREAS, on October 25, 1994, the Governor issued Executive Order No. 26 which sets forth procedures by which an issuer may determine the method of sale of bonds or notes; and,

WHEREAS, on December 8, 1994, the Authority adopted Section 2 of its policy which was developed to implement Executive Order No. 26, which requires an Authority resolution to pursue a negotiated sale of bonds; and,

WHEREAS, on March 28, 1996, the Authority amended its policy related to Executive Order No. 26; and,

WHEREAS, the Authority's policy states that a negotiated sale of bonds will be conducted if it is determined by the Authority that it would better serve the requirements of a particular financing; and,

WHEREAS, a negotiated transaction would be permitted in circumstances including, but not limited to, the sale of bonds for a complex or poor credit; the development of a complex financing structure, including those transactions that involve the simultaneous sale of more than one series with each series structured differently; volatile market conditions; large issue size; programs or financial techniques that are new to investors; or, for variable rate transactions; and,

WHEREAS, The Community Hospital Group, Inc. has entered into a Memorandum of Understanding with the Authority to pursue a revenue bond financing (the "Financing"); and,

WHEREAS, The Community Hospital Group, Inc. 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, market conditions could be considered volatile; and,

WHEREAS, the proposed issue size could be considered large; and,

WHEREAS, the Authority is desirous of being responsive to The Community Hospital Group, Inc.'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. HH-115

RESOLUTION OF APPRECIATION

Moshe Cohen, Ph.D.

WHEREAS, on December 15, 2005, Moshe Cohen, Ph.D. was confirmed by the State Senate, after being appointed by Governor Jon S. Corzine, to serve as a Public Member of the New Jersey Health Care Facilities Financing Authority; and,

WHEREAS, as Public Member, Dr. Cohen, provided guidance on matters affecting general and specific operations of the Authority; and,

WHEREAS, Dr. Cohen offered his time and expertise on a variety of subjects particularly assisting in areas relating to property, real estate, and mortgage matters, as well as open public meeting policy concerns; and,

WHEREAS, during his tenure as Public Member, Dr. Cohen also served as the Authority's Treasurer for two terms and Secretary for one; and,

WHEREAS, Dr. Cohen demonstrated initiative and leadership in carrying out the mission of the Authority, that 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 wishes to acknowledge Dr. Cohen's commitment to the Authority and to applaud the integrity with which he carried out the Authority's mission and goals;

NOW, THEREFORE, BE IT RESOLVED, that the New Jersey Health Care Facilities Financing Authority hereby expresses its sincere appreciation to Moshe Cohen, Ph.D.; and,

BE IT FURTHER RESOLVED, that a copy of this Resolution of Appreciation be sent to Dr. Cohen as a tribute from the Authority for his service and accomplishments as a Member of the Authority.