

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on October 25, 2007 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 (Chair); Gus Escher, Public Member; Moshe Cohen, Public Member; 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, Michael Ittleson, Suzanne Walton, Susan Tonry, Lou George, Bill McLaughlin, Ron Marmelstein, Mae Jeffries-Grant, and Stephanie Bilovsky.

The following **representatives from State offices and/or the public** were in attendance:

Edward Tetelman, Department of Health and Senior Services; Garrick Stoldt, Francine Katz, Saint Peter's University Hospital; Jeffrey Goodwin, Carl Alberto, Jeff Kelly, Warren Hospital; John Dellocono, CentraState Assisted Living; Jeff Kramer, Decotiis, Fitzpatrick, Cole & Wisler; Scott Kobler, McCarter & English; Kay Fern, Evergreen Financial Advisor; Jan Blazewski, Cain Brothers; John Brodsky, Fairmount Capital Advisors; Maryann Kicenuik, Windels Marx Lane & Mittendorf; John Kelly of Wilentz, Goldman & Spitzer; Howard Eichenbaum, Gluck Walrath; Bette Kraus, Justin Gordon, Goldman Sachs; Gregory Tears, John Scally, Drinker Biddle & Reath; Kent Pieri, Sovereign; Kari Fazio, Wachovia; Sharon Price-Cates, Governor's Authorities Unit; and, Cliff Rones, Deputy Attorney General.

CALL TO ORDER

Dr. Jacobs called the meeting to order at 10:10 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the 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.

APPROVAL OF MINUTES

September 27, 2007 Authority Meeting

Dr. Cohen wanted to propose a change to the Authority's September 27, 2007 meeting minutes; this discussion was then tabled until later in the meeting.

Go to: www.njstatelib.org/digit/905//h449//October%202007 for full document.

STAFF REPORTS

Dr. Jacobs thanked staff for their preparation of reports that were distributed for review, including the Project Development Summary, Cash Flow Statement, Third Quarter Budget Report, and a Legislative Advisory. Mr. Hopkins announced the following items in his Executive Director's Report:

1. The *Commission on Rationalizing New Jersey's Health Care Resources* will hold its next meeting at the Authority's offices later this day. The final report of the Commission is expected in December.
2. Several area hospitals have expressed an interest in either acquiring or leasing all or a portion of **Pascack Valley Hospital**, which declared bankruptcy on September 24, 2007 and announced that it would close by the end of the year. The interested hospitals include Englewood Hospital and Valley Hospital (possibly jointly), Hackensack University Medical Center, Holy Name Hospital and Saint Barnabas Health Care System. There was also interest expressed by a group hoping to form a doctored-owned hospital. The bondholders have engaged the real estate firm of Cushman and Wakefield to seek buyers for Pascack. The Authority has approximately \$80 million in bonds outstanding on behalf of Pascack, which have no credit enhancement.

Barnert Hospital, which is also in bankruptcy, engaged Cain Brothers to seek potential purchasers. Several potential purchasers have signed confidentiality agreements to access the due diligence documents. Letters of intent from potential purchasers are expected by the end of November.

Muhlenberg Hospital as been provided with a notice of default by Ambac, the bond insurer on Authority bonds issued on behalf of Muhlenberg. The Authority followed up with a letter requiring Muhlenberg to engage a consultant in accordance with their bond documents.

Atlantic City Medical Center recently held a grand opening ceremony for its new emergency department. It will be phasing in other portions of the project, which was financed by Authority bonds.

Hackensack University Medical Center recently named Bob Glenning its new CFO.

Saint Peter's University Hospital has made permanent its interim Chief Executive Officer Alfred Glover and Chief Financial Officer Garrick Stoldt. Saint Peter's Healthcare System, Inc., the parent of Saint Peter's University Hospital, appointed Ron Rak as its Chief Executive Officer.

3. In Authority news, Steve Fillebrown spoke at the New Jersey Institutional Investors Conference earlier this month.

Mr. Escher asked if the bondholders expect to be made whole with the sale of Pascack Valley Hospital, to which Mr. Hopkins replied that, though there is significant value in the property, he does not think the bondholders expect to be made whole. *The bondholders specifically requested that the State not impose a requirement that the property's purchaser be health care related so that the sale can go to the highest bidder.* However, if the highest bidder is a health care entity, the bondholders, of course, have no objection. It was noted that Pascack Valley Hospital had already sold off smaller parcels of its land in order to fund a consultant and, after the bondholders issued consent, to fund some of the hospital's operations.