NJHCFFA
NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY

AUTHORITY NOTE$

2014 SERIES A

MESSAGE FROM THE EXECUTIVE DIRECTOR

Mark Hopkins

In 2013 the Authority estimates it saved its borrowers over $136 million over taxable financings. Nevertheless, the Authority continues to adapt to the changing needs of our borrowers. We have a new initiative on the horizon, as well as an innovative program launched in 2012 that specifically benefits hospital systems that we encourage more institutions to explore.

Through the Master Lease Program, health care systems are able to initiate a tax-exempt leasing program across all of their tax-exempt affiliates, which act as sub-lessees. Each sublessee enters into a Master Lease Agreement with one or more lessors, so long as the aggregate amount permitted under all of the Master Lease Agreements does not exceed the cap approved by the Authority, which varies by institution.

This streamlined process provides for quick turnaround, customary with private party leasing, and the ability to lease at lower, tax-exempt interest rates, unique to Authority financings.

For more information on how your health system can benefit from a Master Lease, contact Suzanne Walton at (609) 789-5616 or swalton@njhcffa.com.

The Master Lease Program was created by listening to the needs of Authority borrowers and creating a program that could meet those needs while still providing significant savings compared to traditional financings.

The Authority is ready to listen once again to the needs of borrowers when it comes to energy resiliency. In response to many issues that arose from Superstorm Sandy, the Authority is working with the State on the possibility of creating a program to complement an Energy Resiliency Bank. The bank would be administered by the Economic

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Put EMMA® to Work for You: MSRB Outreach Campaign Highlights EMMA's Tools for State and Local Governments

Submitted by: the Municipal Securities Rulemaking Board

The Municipal Securities Rulemaking Board (MSRB) is engaged in a national, multi-year campaign to increase its outreach to state and local governments that issue municipal securities as well as conduit borrowers. The effort aims to share with municipal entities how the MSRB's Electronic Municipal Market Access (EMMA®) website is a resource for evaluating municipal finance options, complying with disclosure requirements and communicating with investors.

The MSRB's EMMA website is an online platform that provides free public access to financial disclosure documents and trade data on more than 1.2 million outstanding municipal bonds. Municipal issuers and conduit borrowers file their disclosures and other information on EMMA to make them available to investors.

The MSRB's "Putting EMMA to Work for You" campaign seeks to raise awareness by small to mid-sized municipal issuers and conduit borrowers about the importance of communicating with their investors on an ongoing basis. Through a combination of local seminars and webcasts, the MSRB plans to reach all 50 states over the course of the next two years. State and local governments and related organizations can schedule a session with their group by contacting Ritta McLaughlin, the MSRB's chief education officer, at 703-797-6714 or rmclaughlin@msrb.org.

At each outreach session, the MSRB provides practical guidance and tips about how issuers and conduit borrowers can use the EMMA website to their advantage to communicate with investors and comply with their disclosure obligations. The MSRB's goal is to contribute to improved financial disclosure practices and enhanced transparency for the municipal market.

The campaign builds on the MSRB's existing education and outreach program, which includes hosting seminars around the country, presenting at industry events and providing free online educational resources. The MSRB's online State and Local Government Toolkit is frequently updated with new videos, guides and resources to assist issuers and conduit borrowers in understanding the process of issuing municipal bonds, the rules governing the municipal market, and the market transparency tools available on the EMMA website. Access the toolkit and other resources on the MSRB's website at msrb.org.

The MSRB encourages municipal market participants to explore the organization's website to access up-to-date information and sign up for MSRB email updates. §

CAPITAL ASSET LOANS OFFER HELPFUL FINANCING OPTION

Health care organizations (HCOs) looking to finance their capital budget needs have a unique option available to them that offers minimal interest rates, currently averaging well under 2%.

The Capital Asset Program, or "CAP," offers borrowers a cost effective, efficient and flexible vehicle to meet their capital needs, including financing the acquisition and installation of capital equipment as well as minor construction and renovation projects. The program may also be used to refinance existing debt or provide bridge financing.

The CAP was created in 1985, prior to the 1986 changes in tax laws, through the sale of $100 million of Variable Rate Demand Revenue Bonds. The program has been structured to create a revolving pool of funds to make loans to health care institutions for the life of the bonds. Loans under the program are continuously being repaid, making fresh funds available for other HCOs to borrow. The program is best suited for loans ranging from $1 million to $25 million and the term of the loans will depend on the useful life of the assets being financed (not to exceed 10 years). Security for loans is generally provided by a lien on the asset being financed or a Master Note.

In addition to the lower rates that are derived from the 1985 Bonds, loans through the program are not subject to arbitrage rebate and can be prepaid at any time without penalty. As a result of using standardized documents, the entire loan process can be expedited in 60 to 90 days for equipment and may require an additional 45 days for construction or renovation projects.

To explore how the CAP loan program can best help your institution, contact Bill McLaughlin at (609)789-5619 or bmclaughlin@njhcffa.com. §

FINANCING NOTE$

Palisades Medical Center

On June 20, 2013, the Authority issued $47,555,000 of tax-exempt bonds on behalf of Palisades Medical Center.

The proceeds of the transaction were used to: currently refund the Authority's outstanding Palisades Medical Center Obligated Group Issue, Series 1999 bonds; currently refund the Authority's outstanding Palisades Medical Center Obligated Group Issue, Series 2002 bonds; finance the construction of, renovations to, and the acquisition of capital equipment for, the Medical Center; fund a debt service reserve fund; and pay the related costs of issuance. The 2013 financing provided Palisades with $1.2 million of present value savings, or 3.4% of the refunded par. Compared to taxable financing, the borrower realized a present value savings of over an estimated $8.9 million.

Palisades Medical Center

University Hospital

In response to the requirements outlined in the New Jersey Medical and Health Sciences Education Restructuring Act signed into law on August 22, 2012 – which dissolved the University of Medicine and Dentistry of New Jersey (UMDNJ) and created a stand-alone University Hospital – the Authority undertook a private placement of approximately $150 million of Revenue Bond Anticipation Notes on behalf of University Hospital.

The transaction was issued in two series, 2013A, which is tax-exempt, and 2013B which is taxable. The proceeds of the Notes were used to refund the portion of the debt of UMDNJ attributable to University Hospital; to finance capital assets in its budget; to finance other items in University Hospital's initial operating budget; and to pay the costs of issuance. Both series were priced at SIFMA plus 5%.

Children's Specialized Hospital

In June of 2013, the Authority privately placed $15,510,000 of bonds with TD Bank on behalf of Children's Specialized Hospital in two series. The 2013A and 2013B Bonds are multi-modal and each series shall initially bear interest in their respective Direct Purchase Rate for the first 10 years after closing, at which time the bonds are subject to a mandatory tender unless the

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MESSAGE FROM THE EXECUTIVE DIRECTOR

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Development Authority and would support the creation of self-sustaining power sources at priority facilities like drinking water and waste water facilities, as well as the State's hospitals that will have the ability to "island" and "blackstart" in the event of a loss of power in the area.

In early April, questionnaires were sent to New Jersey hospital CEOs and CFOs. I encourage all recipients to complete this survey as soon as possible and return it to the Authority so we can better assess the current energy systems and the future needs of our State's valuable hospitals.

If you have any questions, contact Director of Project Management Suzanne Walton at (609) 789-5616 or swalton@njhcffa.com. §

Robert Wood Johnson University Hospital

hospital and the bank have previously agreed to an extension of such mandatory tender date.

The proceeds of the Series 2013 Bonds, together with other funds, will be used by the Hospital to provide funds to currently refund and redeem the Authority's outstanding Children's Specialized Hospital, Series 2005B Variable Rate Revenue Bonds, and to pay the related costs of issuance. Compared to taxable financing, the borrower realized an estimated present value savings of over $2.9 million.

RWJ University Hospital at Hamilton

On August 13, 2013, the Authority issued $27,038,036 of bonds on behalf of Robert Wood Johnson University Hospital at Hamilton. The transaction was a private placement with Siemens Public, Inc.

The Series 2013 Bonds were used to currently refund all of RWJ Hamilton's Series 2005A Revenue and Refunding Bonds; advance refund a portion of the Series 2005B Revenue Bonds; fund the termination payment for a Forward Delivery Purchase Agreement; fund a debt service reserve fund and pay the related costs of issuance. Compared to taxable bonds, the borrower realized an estimated present value savings of over $5 million.

Robert Wood Johnson University Hospital

On September 12, 2013, the Authority closed on a $180,175,000 issuance of bonds on behalf of Robert Wood Johnson University Hospital. The bonds were comprised of two series – the Series 2013A bonds were a fixed-rate series approximating $110 million, and the Series 2013B bonds were a $70 million variable rate series.

The proceeds of the Series 2013 Bonds were used to provide funds for various construction and renovation projects on the hospital's New Brunswick campus. The projects include: constructing a parking and

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Robert Wood Johnson University Hospital at Hamilton

NJHCFFA STAFF NOTES

Welcome

Welcome to the newest Authority Staff Member:


Debra Coons

Debra Coons has joined the Authority as an Assistant Account Administrator. She has a bachelor's degree in accounting from Goldy-Beacom College in Delaware and 20 years of experience in accounting and bookkeeping. Most recently, she worked as Assistant to the Chief Trust Officer at the New York Private Trust Company and as an Accounts Payable Clerk/Assistant to the Controller/Office Manager at Total Trax, Inc.

And welcome to the Authority's intern:


Esteban Cabrera

Esteban Cabrera, began an internship with the Authority in the Fall 2013 semester, and returned for the Spring 2014 semester. He is scheduled to graduate in the spring from Rutgers Bloustein School of Public Policy with a bachelor's degree in Public Health.

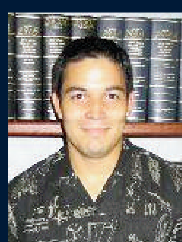
Anniversaries


Marji McAvoy

Marji McAvoy, Senior Account Administrator, celebrated 20 years with the Authority in March!


Carole Conover

Carole Conover, Executive Assistant/Office Manager & Custodian of the Record, celebrated 15 years with the Authority in February!


Edwin Fuentes

Edwin Fuentes, Account Administrator, recently celebrated 5 years with the Authority!

Promotion


Taryn Jauss

In response to new IRS post-issuance compliance procedures, Compliance Manager Taryn Jauss will now also oversee the Authority's tax compliance.

Congratulations

New Baby: Congratulations to Project Management Director Suzanne Walton on the birth of her first grandchild, Ethan!

FINANCING NOTE$

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Shore Medical Center

office facility comprised of a parking garage for approximately 725 cars, two floors of administrative office space of approximately 60,000 square feet, and the expansion of the normal and emergency power systems, to be used by the hospital; and constructing and/or renovating the expansion of the South Building Patient Floor, including the addition of approximately 80 private adult acute care beds, with shell space for approximately 40 additional beds, and four new operating rooms.

RWJUH yielded present value savings of approximately $34.7 million over a taxable financing alternative.

Shore Medical Center

On September 25, 2013, the Authority signed a purchase contract with Citizens Bank of Pennsylvania for the sale of $16,890,000 of bonds on behalf of Shore Medical Center.

The proceeds of the Series 2013 Bonds, together with other funds, were used by the hospital to provide funds to currently refund and redeem the Authority's outstanding Shore Medical Center Series 2003 Variable Rate Revenue Bonds, and pay the related costs of issuance of the Series 2013 Bonds.

The refunding generated over $1.7 million of net present value savings, which is 8.8% of the refunded bonds. Compared to taxable financing, the borrower realized over $2.9 million in estimated present value savings.

Virtua

On December 19, 2013, the Authority issued $140,020,000 of fixed-rate bonds on behalf of Virtua Health.

The bonds, which were rated A/A+ by S&P and Fitch respectively, were used to currently refund the remaining portion of the Authority's Series 1998 bonds, refund a portion of the Authority's Series 2009A Bonds that are callable in 2014, and pay the related costs of issuance.

Virtua achieved a total of $16.2 million in net present value savings, which was 10.2% of the refunded bonds, with an all-in true interest cost of 4.01%. Compared to taxable financing, the borrower realized an estimated savings of over $20.2 million. §

Virtua Voorhees

Understanding the Hospital Sale Process

Over the last few years, New Jersey has seen a number of hospital sales and mergers, involving both for-profit and not-for-profit organizations. The reasons a hospital may seek out a buyer or partnership are varied and could include financial concerns; a desire to expand, either geographically or with the services provided; or strategic reasons resulting from Affordable Care Act initiatives. When a sale of a not-for-profit hospital to a for-profit entity is proposed, a number of State departments become involved to ensure continuity of care for the area's patients.

- Once a sale price has been negotiated, the sale must be approved by both the Commissioner of Department of Health (through a Certificate of Need, or CN, process) and by a Chancery Court judge afer a review by the Attorney General's Office (in accordance with Community Health Assets Protection Act, or "CHAPA").
- The New Jersey Health Care Facilities Financing Authority consults on the financial aspects for the CN process and may be required to provide information to the Attorney General's Office if the hospital involved in the transaction has outstanding Authority bonds.
- The CN application goes through a rigorous process to ensure that the medical needs of the community will not be impeded as a result of the sale. There are a number of rounds of questions that the purchaser must respond to, one or more public hearings are held, followed by a hearing by the State Health Planning Board. The State Health Planning Board will then make a recommendation to the Commissioner on whether or not to approve the CN application, and the Commissioner has 120 days to act on the recommendation.
- As part of the CHAPA process, once the Attorney General's Office completes its review and rounds of questions, it makes a recommendation. A Chancery Court Judge will then consider those recommendations and hear concerns from other parties and rule on the transfer. §

St. Mary's Hospital, Passaic

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