

AUTHORITY NOTES

2013 SERIES A

MESSAGE FROM THE EXECUTIVE DIRECTOR

There have been many changes in New Jersey's health care landscape over the last two years. We have seen hospital purchases and system mergers in every part of the State. This trend towards consolidation complements the direction that health care practices are heading throughout the country in response to the further implementation of the Patient Protection and Affordable Care Act passed in 2010.



Mark Hopkins

Medicare, Medicaid and private insurers are moving towards a system where payments will be bundled, meaning that there will be one payment made to cover a patient's continuum of care. This includes preventive care, testing, hospital stays, home care and follow-up services focused on decreasing the rates of hospital readmissions.

This is a time of great change throughout the State and the country, in both the health care and financial sectors. Rest assured that Staff at the Authority are monitoring every new development and evaluating our policies and procedures based on industry trends, legislation and regulations. We have help in these endeavors from our national partners.

As you may know, the Authority is a member of NAHEFFA (National Association of Health and Educational Facilities Finance Authorities). Last year, the NAHEFFA Board and Membership voted to expand NAHEFFA membership by creating an affiliate, non-voting, membership level intended

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EMMA PROVIDES TOOLS FOR SECONDARY MARKET TRANSACTIONS

The Municipal Securities Rulemaking Board (MSRB) tracks municipal bond data through its Electronic Municipal Market Access (EMMA) website. EMMA serves as a "one-stop shop" for disclosures, market data and educational materials.

EMMA's Toolkit helps borrowers to understand the municipal bond process, legally and functionally. From the homepage (www.emma.msrb.org), visitors can access educational information as well as data on market activity.

Options for educational information include:

- "Getting Started on EMMA"
- "What are Bonds?"
- "What You Should Know Before Investing."

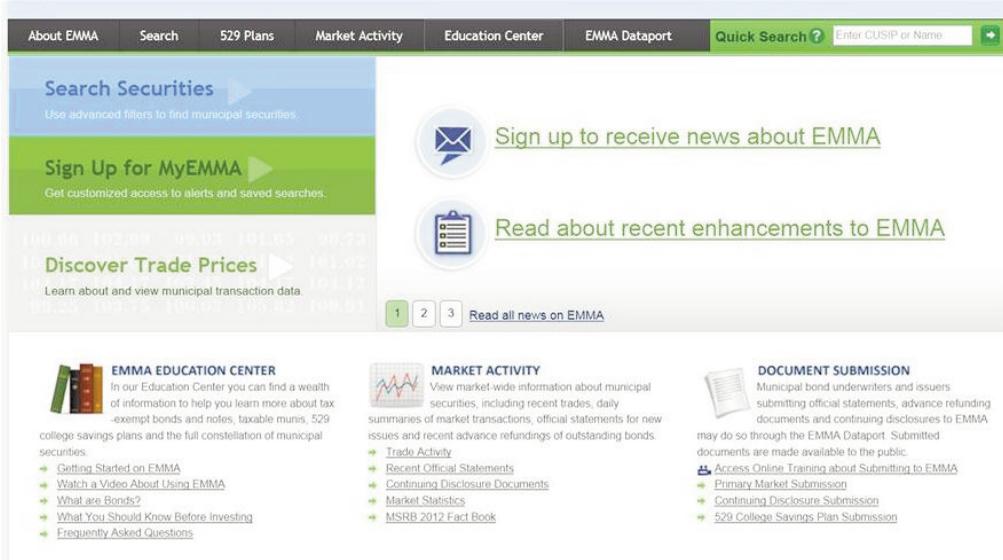
The Market Activity choices include:

- "Recent Official Statements"
- "Continuing Disclosure Documents"
- "Market Statistics"

The website allows for the quick search of municipal securities and municipal transaction data, as well as a glossary of commonly used terms.

Borrowers are encouraged to use the EMMA Trade Monitor, a free resource that allows them to "quickly and easily download into a spreadsheet key data on the price, yield and amount of the secondary market trade activity of their municipal bonds." There is an Instructional Guide as well as a webinar to walk users through this helpful tool.

These resources, offered at no charge, can be found on www.emma.msrb.org.



The screenshot shows the EMMA website homepage with a navigation bar at the top containing: About EMMA, Search, 529 Plans, Market Activity, Education Center, EMMA Dataport, and a Quick Search field with a search button. Below the navigation bar are several main sections:

- Search Securities:** "Use advanced filters to find municipal securities."
- Sign Up for MyEMMA:** "Get customized access to alerts and saved searches."
- Discover Trade Prices:** "Learn about and view municipal transaction data."
- Sign up to receive news about EMMA:** A button with an envelope icon.
- Read about recent enhancements to EMMA:** A button with a document icon.
- Read all news on EMMA:** A button with a document icon and a "1 2 3" indicator.

At the bottom, there are three columns of content:

- EMMA EDUCATION CENTER:** "In our Education Center you can find a wealth of information to help you learn more about tax-exempt bonds and notes, taxable munis, 529 college savings plans and the full constellation of municipal securities."
 - Getting Started on EMMA
 - Watch a Video About Using EMMA
 - What are Bonds?
 - What You Should Know Before Investing
 - Frequently Asked Questions
- MARKET ACTIVITY:** "View market-wide information about municipal securities, including recent trades, daily summaries of market transactions, official statements for new issues and recent advance refundings of outstanding bonds."
 - Trade Activity
 - Recent Official Statements
 - Continuing Disclosure Documents
 - Market Statistics
 - MSRB 2012 Fact Book
- DOCUMENT SUBMISSION:** "Municipal bond underwriters and issuers submitting official statements, advance refunding documents and continuing disclosures to EMMA may do so through the EMMA Dataport. Submitted documents are made available to the public."
 - Access Online Training about Submitting to EMMA
 - Primary Market Submission
 - Continuing Disclosure Submission
 - 529 College Savings Plan Submission

2013-2014 BOARD ELECTED

At its May Annual Meeting, Authority Members voted to approve officers for the 2013 - 2014 Board.



Elisa Charters

For officers, they elected:

Vice Chair: Elisa Charters, CCIM
Secretary: Suzette Rodriguez, Esq.
Treasurer: Munr Kazmir, M.D.



Suzette Rodriguez

Members elected to serve on the Authority **Finance Committee:**

Dr. Munr Kazmir (Chair)
 Elisa Charters
 Suzette Rodriguez



Dr. Munr Kazmir

Members elected to serve on the Authority **Evaluation Committee:**

Dr. Munr Kazmir
 Elisa Charters
 Suzette Rodriguez

In regards to the **Audit Committee**, ex-officio Members from the Department of Health and Department of Banking and Insurance – or their designees – and a representative from Treasury were elected to serve on the Audit Committee.

According to the Authority’s enabling legislation, **Mary O’Dowd**, as Commissioner of Health, will remain as Chair.

Additionally, Members approved a calendar of Finance Committee Meetings and Authority Meetings to be held from June 2013 through May 2014.

The full schedule of meetings can be found on the Authority’s website: www.njhcffa.com/njhcffa/meeting. §

FINANCING NOTES

Meridian Health Series 2012 (A, B, C)

In September of 2012, the Authority issued \$137 million in bonds on behalf of Meridian Health through three series of privately placed bonds.

The Series 2012A Bonds, valued at \$41 million, were privately placed with Bank of America; the Series 2012B Bonds, valued at \$48 million, were privately placed with TD Bank; and the Series 2012C Bonds, valued at \$48 million, were privately placed with Wells Fargo.

Proceeds from the Series 2012A Bonds were used to refund all of Meridian’s Series 2003B Variable Rate Revenue Bonds; proceeds from the Series 2012B Bonds were used to refund its Series 2007 Tranche III Bonds; and proceeds from the Series 2012C Bonds were used to refund its Series 2007 Tranche IV Revenue Bonds.

The House of the Good Shepherd

On November 27, 2012, the Authority issued \$15 million in bonds on behalf of The House of the Good Shepherd through a private

placement with TD Bank at an interest rate of 2.638%.

The proceeds of the Series 2012 Bonds, together with other funds, were used to provide funds to refund and redeem all of the Authority’s outstanding Health Care Facilities Revenue Bonds Series 2001, and to pay the related costs of issuance. The transaction enabled House of the Good Shepherd to attain a present value savings of 25.63%, or \$4,087,504, of the refunded bonds.



House of the Good Shepherd

MESSAGE FROM THE EXECUTIVE DIRECTOR

(continued from front cover)

for borrowers and the associations that support hospitals, colleges and universities. Members can benefit from having a voice in Washington, D.C. at a time when access to tax-exempt financing is threatened by various economic and legislative factors. Membership also provides resources regarding advocacy and legislation at a cost of \$500 annually. I encourage our borrowers, and associations involved in supporting our borrowers, to consider becoming an NAHEFFA member and taking advantage of these benefits. You can find more information at www.naheffa.com. §

Wiley Mission and Wiley Day Care Center

During December of 2012, the Authority issued \$15 million of tax-exempt bonds on behalf of Wiley Mission and Wiley Day Care Center.

The transaction was unrated and did not have a debt service reserve. The bonds will initially bear interest at the floating rate not to exceed 5.0% per year until the first interest payment date for each series of the Series 2012 Bonds.

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Wiley Mission

bonds issued through the NJ Economic Development Authority; bonds issued through the NJHCFFA (Saint Barnabas Health System, 2006A and 2006B, Saint Barnabas Health System, 1998B and Saint Barnabas Medical Center/West Hudson, Series 1998A Bonds); and paying costs of issuance. The all-in True Interest Cost on the Series 2012A bonds was approximately 3.13% resulting in net present value savings of \$22.24 million, or 18.5% of the refunded bonds.

Christian Health Care Center

Thereafter, the Series 2012 bonds shall bear interest at the floating rate determined in accordance with the Series 2012 Trust Agreement, not to exceed 12.0%.

The proceeds of the transaction were used to refund the Series 2002 bonds issued by the Authority on behalf of Wiley; to currently refund the New Jersey Economic Development Authority, Economic Development Bonds (Wiley Mission Project) issue; and to pay the related costs of issuance.

Barnabas Health, Series 2012A

On November 29, 2012, the Authority signed a purchase contract with J.P. Morgan Securities LLC for the sale of \$106,685,000 in bonds on behalf of Barnabas Health.

The transaction consisted of serial bonds from 2013 to 2018 and 2022 to 2026 with coupons from 2% to 5% and yields of 0.73% to 2.98%.

The proceeds of the Series 2012A Bonds were used to: finance the costs of refunding or purchasing all of the Clara Maass Health System, Series 1996

In January of 2013, the Authority issued \$2,250,000 in Equipment Revenue Notes on behalf of Christian Health Care through a private placement with Bank of America Public Capital Corp., and secured by a first lien on the equipment being financed.

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Saint Barnabas Medical Center

NJHCFFA STAFF NOTES

Promotions



Taryn Brzdek

Congratulations to **Taryn Brzdek** who was promoted to Administrative Assistant for the Division of Operations and

Finance. She had previously served as Office Management Assistant.

Anniversaries

Diane Johnson, Assistant Account Administrator, celebrated 20 years with the Authority in May!



Diane Johnson

Taryn Jauss, Compliance Manager, celebrated 5 years with the Authority in March!



Taryn Jauss

Welcome



Paige Piotrowski

Welcome to the newest Authority Staff Member:

Paige Piotrowski has joined the

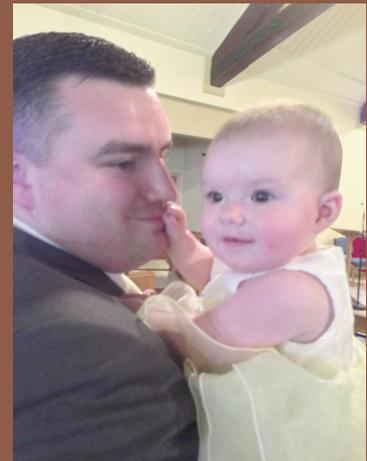
Authority as the Database Analyst. She graduated Summa Cum Laude from Richard Stockton College with a Bachelor of Science in Business and previously worked at Revel in Atlantic City as Assistant Manager of Event Operations.

Congratulations



Mud Run: (from left in “before” picture) Former Administrative Assistant Kerry Cook, Account Administrator Edwin Fuentes and Account Administrator Jessica Lucas completed the “Beast of the East” Mud Run on Fort Dix in September.

New Baby: Carl MacDonald, Project Manager, and his wife Lacy welcomed their daughter, Brynna Hart MacDonald, on November 6, 2012. Welcome Brynna! Congratulations to Carl, Lacy and big brother Colton!



Staff Changes

Congratulations to these Authority Staff Members who have taken on new duties and roles:

Staff Member	Former Title	New Title
Carole Conover	Executive Assistant & Office Manager	Exec. Assistant /Office Manager & Custodian of the Record
Michael Ittleson	Controller	Controller & Assistant IT Specialist
Marjorie McAvoy	Account Administrator	Senior Account Administrator
Bill McLaughlin	Project Manager	Senior Project & Special Financing Programs Manager
Bernie Miller	Construction Manager	Construction Compliance Officer
Robin Piotrowski	HR Manager	HR Manager & Ethics Liaison Officer
Gene Sullens	IT Specialist	Network Administrator

FINANCING NOTES

(continued from page 3)

The proceeds of the Series 2013 Notes were used to refund the Authority's Series 2008 Equipment Revenue Note; to finance and refinance various components of a telephone system including hardware, software and a server; to finance and refinance computer equipment; and to pay the related costs of issuance.

The transaction enabled Christian Health Care Center to go from a rate of 3.65% to a fixed interest rate of 2.169%.

Greystone Park Psychiatric Hospital & Marlboro Psychiatric Hospital

On April 9, 2013, the Authority accepted bids for the bonds issued on behalf of Greystone Park Psychiatric Hospital and Marlboro Psychiatric Hospital. The bonds were awarded to the bidders offering the lowest true interest cost to the Authority over the life of the bonds.

Equipment Revenue Note Program:

- Designed to offer an easy and efficient method of financing and refinancing equipment
- Negotiated loan term that will likely parallel the life of the equipment
- Pre-approved negotiated private placement process that shortens the process by as much as a month's time
- The issue size must be \$15 million or less

Greystone Series A New Money Bonds in the amount of \$50,730,000 were awarded to RBC Capital Markets with interest rates ranging from 3.74% to 3.93%. The serial bonds mature in 2029 through 2033 with yields ranging from 3.19% to 3.73%.

Greystone Series B Refunding Bonds in the amount of \$160,110,000 were awarded to Barclays Capital Inc. with interest rates ranging from 2.62% to 2.85%. The bonds consisted of serial bonds maturing in 2014 through 2028 with yields ranging from 0.5% to 3.07%. The issue resulted in present value savings of \$10.8 million, or 6.34% of the refunded bonds.

Bank of America Merrill Lynch submitted the winning bid for the \$73,530,000 in Marlboro Bonds. The bonds were comprised of serial maturities from 2014 through 2033 with yields ranging from 0.50% to 3.40%.

The final bond sizing for the combined Greystone and Marlboro Series 2013 Bonds was \$284,370,000. The all-in True Interest Cost, which takes into consideration all costs of issuance, was 3.20%. All three bond issues received ratings of A1 from Moody's and A+ from S&P and Fitch. The ratings reflect the need for annual appropriation of the lease contract payments and are one notch below the State's general obligation bond ratings.

In regards to Greystone, the proceeds of the Series 2013A Bonds were used to: finance the costs of completing the demolition and remediation of the psychiatric facilities formerly used by Greystone Park Psychiatric Hospital; fund capitalized interest; and pay the related costs of issuance. The proceeds of the Series 2013B Bonds were used to: refund and defease all of the Department of Human Services Lease Revenue Bonds (Greystone Park Psychiatric Hospital Project) Series 2003 and 2005 Bonds and pay the related costs of issuance.

In regards to Marlboro, the proceeds of the bonds were used to: finance the demolition and remediation of the existing facilities at, or related to, Marlboro Psychiatric Hospital and the construction of group housing; fund capitalized interest; and pay the related costs of issuance.

Meridian Health Series 2013A

On April 24, 2013, the Authority signed a purchase contract with Wells Fargo Securities for the sale of \$29,525,000 of bonds on behalf of the Meridian Health System. Meridian locked in a True Interest



Christian Health Care Center

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FINANCING NOTES

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Cost of 3.46% on the Series 2013 refunding, producing levels more indicative of a “AAA” rated credit.

On March 18, 2013, prior to the marketing of the transaction, Bayshore Community Hospital became an

Obligated Group Member of the Meridian Health System Master Trust Indenture, and on April 1, 2013, Bayshore Community Hospital was merged into Meridian Hospitals Corporation, with Meridian Hospitals Corporation being the surviving entity.

The proceeds of this transaction were used to currently refund all of the Authority

issued Bayshore Community Hospital Series 2002 Revenue Bonds and pay the related costs of issuance. The refunding generated over \$6 million of net present value savings, which is 15.9% of the refunded bonds.

St. Luke’s Warren Hospital

On May 21, 2013, the Authority priced \$37,410,000 of refunding bonds on behalf of St. Luke’s Warren Hospital. The bonds were sold at a fixed rate and were rated A3 by Moody’s and BBB+ by S&P. The bonds were structured with term bonds maturing in 2031, 2034, 2037 and 2043 with yields ranging from 3.6% to 4.14%.

The proceeds of the bonds, together with other funds, were used to currently refund and redeem the Authority’s outstanding St. Luke’s Warren Hospital Issue, Series 2012 Revenue Bonds, which were privately placed with Allstate Insurance, and to pay the related costs of issuance. St. Luke’s Warren achieved net present value savings over \$17 million (or 40%) and the all-in True Interest Cost was 4.31%. §



Bayshore Community Hospital - Meridian Health



NJHCFFA MEMBERS

Ex-Officio Members

Mary O’Dowd
Commissioner of Health

Jennifer Velez, Esq.
Commissioner of Human Services

Ken Kobylowski, Esq.
Commissioner of Banking & Insurance

Public Members

Suzette T. Rodriguez, Esq.
Munir Kazmir, M.D.
Elisa A. Charters, CCIM

The Authority currently has one Public Member vacancy.

NJHCFFA SENIOR STAFF

Mark E. Hopkins
Executive Director

Stephen M. Fillebrown
Deputy Executive Director,
Director of Research, Investor Relations and Compliance

Ron Marmelstein
Director of Operations and Finance

Suzanne Walton
Director of Project Management

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