

HOBOKEN MUNICIPAL HOSPITAL AUTHORITY
\$51,635,000 HOSPITAL REVENUE BONDS, SERIES 2007
HOBOKEN UNIVERSITY MEDICAL CENTER PROJECT

NW Capital recently acted as sole manager for the \$51.6 million Hoboken Municipal Hospital Authority issue, which financed the creation of the Hoboken University Medical Center.

The City of Hoboken, New Jersey was recently threatened with the loss of the community's hospital, St. Mary Hospital, which was suffering from serious financial difficulties. What followed was a two-year journey, which ended with the creation of the Hoboken University Medical Center. The solution to the community's issue was a private-to-public transfer of St. Mary Hospital to the Hoboken Municipal Hospital Authority. This effort required new state legislation to create the Authority and a team dedicated to the cause.

NW Capital worked with all parties involved in the transaction, providing key financial advice regarding the funding and structuring of the transaction. NW Capital analyzed the acquisition cost and expenses to acquire the facility and assisted in the asset transfer negotiations. During the planning stages, NW Capital professionals also assisted in revising the Hospital's business plan to provide additional Federal and State funds and complete the turnaround of the Hospital facility.

NW Capital then structured and sold the \$51.6 million issuance of two bond series. The Series A bonds were constructed as taxable debt convertible to tax-exempt interest rates upon the completion of the Operating Management tax status. These bonds are financing the capital improvement plan. The Series B bonds funded a working capital fund and reserve fund to assist in any temporary shortfalls in the receivables.

The transaction required NW Capital to analyze the acquisition cost and expenses to acquire the facility, assist in the asset transfer negotiations, and finance working capital and structuring improvements to the facility. During the planning stages NW Capital also assisted in revising the Hospital's business plan to provide additional Federal and State funds and complete the turnaround of the Hospital facility. The transaction required special legislation to allow the establishment of a "municipal hospital authority". This allowed the public Authority to acquire, own, and operate a private facility. The transaction required two series of bonds. The first series was initially offered as a taxable transaction the will convert to a tax-exempt series upon the occurrence of additional documentation and tax opinion (Cinderella Bonds). The second series was comprised of taxable working loan and reserve fund to assure continual success of the new operating entity. This structure allowed the Authority to receive approval from State and Local government and complete the financing in a short time frame while capping all interest rate exposure.

The Hospital is now fully functional and has already started its improvement projects that include a new patient rooms, emergency room, labor/delivery room, imaging equipment, catheter laboratory, and medical clinic and office building. The Hospital continues to maintain all the services to the surrounding community as these upgrades are incorporated.

The Hospital provides an important local service of quality healthcare to the populace and employers. The Hospital is an important economic development factor in attracting new businesses and residents. The efforts on the local community saved one community Hospital that was desperate to survive.