



EXCEEDING EXPECTATIONS

AN NW FINANCIAL PUBLICATION

NW HELPS HOBOKEN SAVE THE STATE'S OLDEST HOSPITAL

The City of Hoboken, New Jersey was recently threatened with the loss of the community's only hospital, St. Mary Hospital, which was suffering from serious financial difficulties. Two years later the Hoboken University Medical Center was born.

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 Financial worked with all parties involved in the transaction, providing key financial advice regarding the funding and structur-

ing of the transaction. NW Financial analyzed the acquisition cost and expenses to acquire the facility and assisted in the asset transfer negotiations. During the planning stages, NW Financial 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 Markets Inc. 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 501c3 designation of the management. These bonds are fi-

ancing 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 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.

This financing was a concerted effort on the part of the State and Local Governments, the existing operator,



who provided \$13 million in capital, and the Hoboken Municipal Hospital Authority and their professional team. 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 by the local community saved one community Hospital that was desperate to survive for another 150 years. ■

INSIDE THIS ISSUE	
Transportation	2
Planning for OPEB Funding	2
Recent Deals	3
New Hampshire Office and New Professionals	3
Calendar: Spring 2007	3
Speaking Engagements	3
Recent Rate Information	4

NOW OFFERING INSURANCE SERVICES...

With the creation of **New World Insurance Services, LLC** ("NWIS") the NW Financial team now offers clients full service insurance consulting and brokerage.

- Employee Benefits
- General Insurance
- Risk Management
- Association/Group Plans

Areas of Expertise:

- Plan Funding
- Design
- Administration
- Communication

FORMER STATE TREASURER JOINS NW FINANCIAL

Former New Jersey State Treasurer, **John McCormac**, joins NW Financial's team of experienced professionals as Managing Director. **Mr. McCormac** brings his sophisticated knowledge of New Jersey State Finance and Government to the Firm, which comes from over 25 years of professional experience.

Mr. McCormac is also the Mayor of the Township of Woodbridge, New Jersey where he also served as Business Administrator and Chief Financial Officer. ■

DENNIS ENRIGHT SHARES HIS TRANSPORTATION FINANCE EXPERTISE ON CAPITOL HILL

“Although there have been failures, by and large the approach of utilizing the private sector to deliver public services has been successful by this measure when carefully planned and implemented with the goal of the public user benefit in mind.”

-Enright Testimony
February 13, 2007

Dennis Enright, Principal of **NW Financial**, has recently been traveling throughout the country gaining recognition for his transportation finance expertise.

Following the publication of two analytic reports on the Chicago Skyway and Indiana Toll Road Public-Private Partnership transactions, which have become the industry benchmark for understanding these highly complex transactions, **Mr. Enright** has become a leader in the national transportation debate about the use of

Public/Private Partnerships as funding agents.

Most recently **Mr. Enright** was invited to testify before the United States House of Representatives as a representative of the financial community who specializes in public/private partnerships and transportation project financing at the Subcommittee of Highways and Transit.

The Subcommittee on Highways and Transit met on Tuesday, February 13, 2007 in Washington, DC to receive testimony on innovative financing under pub-

lic-private partnership arrangements, how the public interest should be protected when public-private partnerships are used to provide innovative financing for infrastructure investment.

Mr. Enright has also testified before the Texas Senate Transportation Committee on this topic.

A copy of **Mr. Enright's** analytical reports and a link to Dennis's testimony can be found on **NW Financial's** website:

www.nwfinancial.com. ■

“All public entities should be seriously thinking about and examining the implications of this issue.”

Government Accounting Standards Board Statements #43 and #45, adopted August 2004, require government entities to do accrual accounting for “Other Post Employment Benefits” (OPEB). While health care is the largest component of OPEB, it includes all post retirement and post employment benefits other than pensions.

What is the scope of the problem? *Published reports indicate that the liability for the nation's State and local governments may be in excess of \$1 trillion. Switching from “pay-as-you-go” funding to annual required contribution, or “ARC” funding, can increase costs between*

2x and 10x annually.

How does a public entity solve this problem? *Public entities must develop a plan to transition from “pay-as-you-go” to “ARC”. It is likely to require a combination of changes to benefits, increased annual contributions, prefunding a portion of the liability and a long-term strategy to utilize investment returns as a means of mitigating continued increased annual payments.*

NW Financial has developed plans and options for public entities to address their OPEB liability through prefunding, irrevocable trusts, grantor trusts, health spending accounts, as well as other investment vehicles.

The first step in this proc-

ess is quantifying future obligations in order to measure the impact of compliance. This is done through an actuarial analysis using past OPEB data and employment statistics. Once the obligation is quantified, funding options can be evaluated.

All public entities should be seriously thinking about and examining the implications of this issue. Both Standard & Poor's and Fitch Ratings have made public statements committing themselves to monitoring employers closely in terms of reporting under GASB 43/35.

Please contact **Michael Hanley** at:

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for more information. ■

PLANNING FOR OTHER POST EMPLOYMENT BENEFITS (OPEB)

RECENT NW TRANSACTIONS

\$51,635,000

Hoboken Municipal Hospital Authority
In the State of New Jersey

Hospital Revenue Bonds

NW Capital Underwriter

\$8,500,000

Board of Education of the Township of Tewksbury
In the State of New Jersey

School Refunding Bonds

NW Capital Underwriter

\$9,000,000

Parking Authority of the Town of West New York
In the State of New Jersey

Parking Revenue Bonds

NW Capital Underwriter

\$10,850,000

Gloucester County Improvement Authority
In the State of New Jersey

County-Guaranteed Capital Lease Revenue Bonds

NW Financial Financial Advisor

\$10,000,000

Hudson County Improvement Authority
In the State of New Jersey

Lease Revenue Bonds Weehawken Baldwin Avenue Project

NW Financial Financial Advisor

\$2,805,411,792

NJ Transportation Trust Fund Authority
In the State of New Jersey

Transportation System Bonds

NW Financial Financial Advisor



MARK YOUR CALENDARS!

Join us at these events this Spring and Summer...

April 12-13, 2007
NJ Conference of Mayors
Trump Taj Mahal
Atlantic City, NJ

April 26-27, 2007
JAHMA Spring Management Event
Seaview Marriot
Absecon, NJ

June 3-6, 2007
PHADA Convention
Las Vegas, NV

June 12-15, 2007
NJ Association of Counties Convention
Tropicana Hotel
Atlantic City, NJ

Also look forward to seeing us in...

September
Government Finance Officers of New Jersey

NJ Governor's Conference on Housing

October
NAHRO Conference, San Diego

November
NJ League of Municipalities

NW OPENS ITS DOORS IN NEW HAMPSHIRE

NW Financial is excited to announce the opening of its newest office in New Hampshire.

Headed by **George Zoukee**, a 20-year Veteran of the Public Finance industry, the New Hampshire office will be the central

location of NW Financial's expansion into the New England states.

NW Financial's goal is to offer the firm's services to issuers at all levels of government throughout the region. ■

Other New Professionals

Edward Evans, Sr. VP
Public Finance

Marc Pindus, Sr. VP
Real Estate/Development Finance

COME HEAR US SPEAK AT...

Event: *JAHMA Spring Management Event*

Date: April 26-27, 2007

Location: Seaview Marriot
Absecon, NJ

Who: *Dan Mariniello*, President

Topic: Section 202 Refinancings Insurance Programs

Event: *NJAC Convention*

Date: June 12-15, 2007

Location: Tropicana Hotel
Atlantic City, NJ

Who: *Dennis Enright*, Principal

Topic: "How OPEB Can Effect Your County's Bond Rating"

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Visit us on the Web!
www.nwfinancial.com

Please submit questions and comments to *Exceeding Expectations* at et@nwfinancial.com.

RECENT INTEREST RATE INFORMATION

AS OF MARCH 30, 2007

Term	US Treasuries	Municipal Insured AAA (National)	
		Taxable	Tax-Exempt
2 year	4.58	4.90	3.60
3 year	4.53	4.92	3.63
5 year	4.53	5.02	3.67
10 year	4.63	5.26	3.87
30 year	4.82	5.48	4.58

Short Term Index	
BMA (1 month)	3.65
LIBOR (1 year)	5.22

Bond Buyer Municipal Index	
20 year bonds	4.25
Revenue Bonds	4.48