

**HOBOKEN MUNICIPAL HOSPITAL AUTHORITY  
BOARD OF DIRECTORS  
MEETING MINUTES**

**LOCATION:** Hoboken University Medical Center, Hoboken, NJ (Assumption Hall)

**DATE/TIME:** Wednesday, February 25, 2009 – 7:00 p.m.

**PRESENT:**  
Eric Lawton, Vice-Chairman  
Alfred O. Fayemi, MD  
Joseph M. Kozel, MD  
Kevin Kramer  
Harvey A. Holzberg  
Michael Nestor (as Proxy for Mayor Roberts)  
Frederick J. Tomkins  
E. Norman Wilson

**EXCUSED:**  
Camille Corea  
Mayor David Roberts  
Susan Tonry

**ALSO PRESENT:**  
Andrew Aronson, Esq., Gluck Walrath, LLP  
Joseph Burt, VP Foundation  
Frank Ciesla, Esq., Giordano, Haloran & Ciesla  
George Crimmins, Executive Director  
Yleana Contreras, Exec. Director Human Resources  
Ronald DiVito, EVP & Chief Financial Officer  
Steven Fillebrown, NJHCFPA (*via teleconference*)  
Spiros Hatiras, VP Administration  
Ellen Refowitz, VP Patient Care & CNO  
Joan Quigley, VP External Affairs  
Anna Lavienna, Recording Secretary

<u>ITEM</u>	<u>DISCUSSION</u>	<u>ACTION/FOLLOW-UP</u>
<b>CALL TO ORDER</b>	Vice Chairman Lawton called the meeting to order at 7:00 p.m.	
<b>OPEN PUBLIC MEETINGS ACT</b>	All notice requirements under the Open Public Meetings Act have been satisfied by having a copy of the agenda and meeting notice published in the Star Ledger and the Jersey Journal and having a copy posted on the bulletin board in the Hoboken City Clerk's Office and on the HMHA website.	N/A
<b>FLAG SALUTE</b>	Members and guests rose to salute the American Flag.	

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<b>ROLL CALL</b>	Roll call was taken. Commissioners Corea and Tony and Mayor David Roberts are excused. Quorum of Commissioners is present. Steven Fillebrown is participating via teleconference in Commissioner Tony's absence.	
<b>PREVIOUS MINUTES</b>	The minutes of the January 28, 2009 meeting Regular Session meeting were presented for review and approval. Motion was made by Commissioner Nestor and seconded by Commissioner Kozel to approve the minutes as presented. Vote was taken. (7-0-0).	<i>Approved.</i>
<b>EXECUTIVE SESSION</b>	Resolution to move into Closed Executive Session to discuss two items concerning contract negotiations and employee appointment was presented at 7:02pm. The public will be advised when we come out of closed session what topics were discussed and if any decisions were made that will be made public. Motion was made by Commissioner Wilson and seconded by Commissioner Fayemi. Vote was taken (7-0-0) Mr. Aronson, Mr. Ciesla, Mr. DiVito were requested to remain for the session and Mr. Fillebrown was permitted to remain on the line.	<i>Approved.</i>
<b>CEO REPORT</b>	Motion to come out of Closed Executive Session at 7:35pm was made by Commissioner Wilson and seconded by Commissioner Fayemi. Vote was taken (7-0-0) Mr. Aronson reported that during Executive Session two items were discussed: 1) Contract negotiations with a prospective candidate for Chief Operating Officer (COO) of the Hospital, and 2) the pending litigation between HMHA and Elizabeth Mason. There will be additional discussion on the contract of the COO. The public will be made aware of the topic during the regular session.	<i>Approved.</i> <i>Informational.</i>
<b>COMMITTEES</b> <b>-Finance</b>	Commissioner Holzberg reported the following: <u>Rehab</u> : At the last HMHA meeting, it was reported that we had come to an agreement with HealthSouth to purchase our 30 bed rehab license. HealthSouth has sent us a letter stating that they can not go forward with the project and that we can keep the \$270,000 deposit as it was non-refundable. The second bidder on this project was Kessler Institute and we have begun discussions with them. Their request is to purchase the 30 licensed beds, keep 20 at HobokenUMC and place the other 10 beds in their West Orange campus. We would still get all the referrals and provide the radiology, ancillary services, etc. <u>Family Practice Residency Program</u> was granted a five year Residency Program. Mr. Tomkins reported the Finance Committee met earlier today. The 2009 Budget was to be presented today, however there are some items that need revision. A special meeting will be scheduled on March 4, 2009 to review and take action on the 2009 budget. Mr. Divito will provide the Financial Report and Mr. Aronson will discuss the Local Finance Board application.	<i>Informational.</i> <i>Informational.</i>
	<u>Local Finance Board Application</u> : Mr. Aronson reported there are outstanding bonds in the amount of \$9.72million with a maturity date of 5/1/09 and the payment has to be made on 5/1/09. The current plan is to make payment on the bonds due and to do another bond offering. The idea to do them on a short term basis was that the market conditions were very poor six months ago, and we were hoping that the market would improve to allow us to market bonds on a long term basis, with more favorable interest rates, for the May 2009 maturity. In	<i>Informational.</i>

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(cont.)	order to do this, we need to make application to the Local Finance Board. The application was prepared and we will need a Resolution to approve that application. The resolution will be added to the agenda for approval today.	
<b>FINANCE REPORT</b>	Mr. DiVito reported the financials for period ending January 31, 2009 indicated \$11.6M in Total Operating Revenue, Operating Expenses of \$11.4M and Income From Operations at a positive \$181,000. Loss after depreciation was \$442,000. All patient statistics including discharges are around the budgeted projections. Our adjusted length of stay is also where anticipated.	<i>Informational.</i>
<b>-Quality/Patient Safety</b>	Commissioner Kozel reported that due to the Mock JCAHO survey this week, the Quality/Patient Safety Committee did not meet. It is scheduled to meet on March 11, 2009.	<i>Informational.</i>
<b>NEW BUSINESS -Payment of Claims</b>	Resolution approving the Payment of Claims was presented. Mr. Crimmins said the Operations payment was changed to include a \$48,512 payment to Elizabeth Mason for her legal fees as per court order in the litigation E. Mason vs. HMHA. Although our attorney, Ira Karasick has filed an appeal and a stay on this, the payment needs to be prepared if the appeal is not successful. Under the Project Fund, the HHI number has changed to \$99,212.04 for a total of \$866,997.94 and Operations total is \$13,383,473.59. Motion was made by Commissioner Tomkins and seconded by Commissioner Wilson. Vote was taken (7-0-0)	<i>Approved.</i>
<b>-Local Finance Board Application</b>	Resolution approving an application to the Local Finance Board be submitted for the long term bonds in the amount of \$9.72M was presented. Motion was made by Commissioner Tomkins and seconded by Commissioner Nestor. Vote was taken (7-0-0).	<i>Approved.</i>
<b>-Credentials Committee</b>	Resolution accepting and approving the amended version of the Credentials Committee report for February 2009. Dr. Santusht Perera's name was removed from New Appointments for consideration at a future meeting. Motion was made by Commissioner Nestor and seconded by Commissioner Kramer. Vote was taken (7-0-0).	<i>Approved.</i>
<b>-Steel Stairs/Roof Ladder -Contract 6 -Contract 11 -Contract 13</b>	The following Resolutions were presented: <ul style="list-style-type: none"> <li>• Approving the Award of a Construction Contract for Steel Stairs and a Roof Ladder</li> <li>• Approving change order #1 for contract 7</li> <li>• Approving change order #1 for contract 11</li> <li>• Approving change order #1 for contract 13</li> </ul> One Motion to approve the four Resolutions as presented was made by Commissioner Lawton and seconded by Commissioner Tomkins. Vote was taken (7-0-0)	<i>Approved.</i>
<b>-Chief Operating Officer</b>	A verbal Resolution was read by Mr. Aronson authorizing Mr. Hatiras' appointment as the Chief Operating Officer for the HobokenUMC conditionally upon the ability of Hudson Healthcare Inc. to negotiate acceptable terms for contract and approval of his employment contract by HMHA. Motion was made by Commissioner Tomkins and seconded by Commissioner Kozel. Vote was taken (7-0-0).	<i>Approved.</i>

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<p><b>-Federal Stimulus Package</b></p>	<p>There will be a Federal Stimulus Package coming and the possibility that the State of NJ may have some funds that are available to hospitals. If that possibility exists, it will likely require an application that needs to be filed by the hospital in a short time frame. Rather than wait for the next regularly scheduled HMHA meeting, the Commissioners would like to authorize Hudson Healthcare Inc. to make whatever applications are necessary so that HobokenUMC can be considered for funds from that Stimulus Package. A verbal resolution was read by Mr. Aronson authorizing HHI to prepare and George Crimmins on behalf of the HMHA to sign any application that is necessary to be filed in order to pursue funds that may be available to the hospital from that Stimulus Package. Motion was made by Commissioner Nestor and seconded by Commissioner Lawton. Vote was taken (7-0-0)</p> <p>Mr. Aronson said in addition to the special meeting for the 2009 budget on March 4, 2009, there is a possibility of a second special meeting that would need to be called on or around March 11, 2009 after our LFB application is considered and hopefully approved, in order to pass the Bond Resolution so that we can move forward on that work to get the financing done in time to meet the 5/1/09 maturity.</p> <p>Dr. Kozel said that the Authority had previously approved that change orders do not need to be approved each time. Mr. Crimmins said the approval was for notice to proceed on contract change orders to be implemented and then negotiated. What is being approved is that the work has been done and the contract amount must change to pay the contractor.</p> <p>Mr. Jamie Steiner asked the following:</p> <ul style="list-style-type: none"> <li>• What progress has been made on the plan to reduce professional/doctors fees and what progress has been made on the lay offs mentioned at the last meeting? <i>Commissioner Holzberg responded that 53 employees were laid-offs and 20 vacant positions eliminated for a total savings of \$2M annually.</i></li> <li>• Concerning the \$9.72M bonds due on 5/1/09, is it part of the \$52M bond guaranty or is it in addition to it? <i>Mr. Aronson responded all debt outstanding including the \$9.7M falls under the City's \$52M bond guaranty.</i></li> <li>• The \$9.72 million is a taxable bond and it is assumed that the revenue is used for operating expenses. What terms do you expect to get for refinancing and is the plan to roll it over into a longer maturity? <i>All this information is in the LFB application and a copy will be provided to Mr. Steiner at the end of the meeting.</i></li> <li>• In event that there are further operating losses, are there any plans to cover any future gaps in operating expenses and would there be more bonds issued that would be used for operating expenses? <i>Mr. Divito responded that a special meeting is scheduled in March on the 2009 Budget. The Authority runs by calendar year.</i></li> <li>• What is the total budgeted amount for the ER construction? <i>Mr. DiVito responded the amount is \$13M including equipment.</i></li> <li>• At one time it was mentioned there was a change to the ER construction budget and was it because of the equipment? <i>Mr. DiVito responded that the original total amount was \$13M and it could be the interpretation of the break down.</i></li> </ul>	<p><i>Approved.</i></p> <p><i>Informational.</i></p> <p><i>Informational.</i></p>
<p><b>PUBLIC COMMENTS</b></p>		

**ITEM**

(cont.)

**DISCUSSION**


- It was noted that the Executive Search had been completed or closed; is there a relation between the COO appointment tonight and the selection of the CEO? *Commissioner Holzberg responded that it was completed some time ago and we are now in the end part of the process of identifying the candidate. There is a connection with tonight's appointment with hopes that the COO will be the CEO.*  
Was Mr. Hatiras originally identified in the executive search that was authorized or later in the process? Mr. Steiner added he was told the Authority engaged, in a public process, an employee compensation firm to obtain and receive reports from a national firm of expertise in setting executive compensation and that this was the search process that is underway. *Mr. Steiner was directed to put his request in writing as it is not appropriate for the Authority to discuss who was part of the process, or who was interviewed. These people have jobs and once names are given out, we would be giving out confidential information.* Mr. Steiner rephrased the question by asking concerning the candidate that was identified, was there any change to the original process that was laid out as far as that executive search process. *Commissioner Holzberg responded there was no change and the process was supervised by the search firm Witt-Kieffer.*
- Mr. Steiner asked if all candidates regardless of when they come into the process underwent the search process that was utilized during the executive search and was there a mix of internal and external candidates. *Commissioner Holzberg responded that all were part of the process and there was a mix of candidates.*
- Is there any plan to retain anyone in a consulting role during the transition from COO to CEO? *Commissioner Holzberg responded that if so, it will be himself.*
- Concerning the items that were depreciated and not being considered as losses, what is the eventual plan to replace those items and is there any more detail he can get? *Mr. Steiner was directed to put his request in writing.*

**ADJOURNMENT**

There being no further business, Vice Chairman Lawton called for motion to adjourn the meeting at 8:10 p.m. Motion was made by Commissioner Fayemi and seconded by Commissioner Nestor. Vote was taken (7-0-0).

*Approved.  
Meeting adjourned.*

Respectfully submitted,



Michael Nestor, Secretary  
Hoboken Municipal Hospital Authority  
Board of Directors

**ACTION/FOLLOW-UP**