
PUBLIC NOTICE

HOBOKEN MUNICIPAL HOSPITAL AUTHORITY

HUDSON COUNTY, NEW JERSEY

Request for Proposals for the Privatization of

Hoboken University Medical Center

July 2010

PUBLIC NOTICE
HUDSON COUNTY, NEW JERSEY
REQUEST FOR PROPOSALS RESPECTING HOBOKEN UNIVERSITY MEDICAL CENTER

The Hoboken Municipal Hospital Authority (the “Authority”) is seeking proposals from parties interested in acquiring the Hoboken University Medical Center and its affiliated entities (“HUMC” or the “Hospital”) and continuing to operate HUMC as an acute-care hospital.

The Authority’s goals are to privatize the Hospital, continue the facility as an acute-care hospital, preserve the jobs of HUMC employees, continue the valuable working relationship with the medical staff of the Hospital, and relieve the City of Hoboken of its financial obligations related to the Hospital.

Requirements

(1) A party interested in acquiring the Hospital must provide the Authority with a written proposal (“Proposal”) which includes the following:

- A. Proposed use of the Hospital facilities, including level of service;
- B. Proposed transaction structure, including price and form of payment;
- C. Proposed distribution or allocation of funds;
- D. Proposed liabilities to be assumed by acquirer;
- E. Planned capital investment programs;
- F. Required financing for the proposed transaction;
- G. Status of financing;
- H. Identity of acquirer;
- I. Prior health care experience of principals;
- J. Proposed capital structure of acquirer;
- K. Prior acquisitions or investments in the health care industry;
- L. Time table for due diligence, execution of a letter of intent, and execution of an asset purchase agreement;
- M. Conditions to completion of transaction, required approvals and permits; and
- N. Identity of financial advisor and legal counsel for acquirer.

(2) A Proposal must be accompanied by an executed nondisclosure agreement in the form attached hereto.

(3) All Proposals must be submitted by September 13, 2010 to the attention of Kenneth A. Rosen, Esq., Lowenstein Sandler PC, 65 Livingston Avenue, Roseland, New Jersey 07068. Please direct any questions to HMHA@lowenstein.com.

(4) This Request for Proposals (“RFP”) is not an offer to sell any asset or assets described herein, but is a solicitation only of indications of interest. This RFP is not a substitute for an informed business decision following formal due diligence review.

(5) All Proposals are strictly confidential.

The Hospital

Founded in 1863 as Saint Mary Hospital, the Hoboken University Medical Center (“HUMC”) is a 350-bed acute care community hospital located in the heart of Hoboken, New Jersey. HUMC, the oldest continuously operating hospital in New Jersey, is one of six acute-care hospitals in Hudson County, New Jersey.

In 2006, the City of Hoboken formed the Hoboken Municipal Hospital Authority (the “Authority”), which owns the hospital facilities, pursuant to the New Jersey Municipal Hospital Authority Law, N.J.S.A. 30:9-23.15 *et seq.*

HUMC’s day-to-day operations are currently managed by Hudson Healthcare, Inc., a New Jersey not-for-profit 501(c)(3) organization that reports directly to the Authority, pursuant to a five-year *Master Manager and Operator Agreement* that expires in February 2012 and is terminable upon 90 days’ notice.

In 2009, the Hospital opened a new 17,500 square foot state-of-the-art Emergency Department with 33 new treatment rooms and 4 pediatric treatment rooms, with a total capacity of 60,000 patients annually.

The Hospital also has a Family Birthing Center offering both pre- and post-natal services and care to expectant mothers and their families.

Service Area

HUMC’s Primary Service Area (“PSA”) also includes Union City, West New York, Weehawken, and North Bergen. As of 2009, the HUMC PSA encompassed nearly 291,000 people, a population roughly equal to the size of Newark. Combined with a Secondary Service Area population of approximately 320,000, HUMC’s total Community Service Area is approximately 611,000.

In the Primary Service Area, HUMC (28% share) currently is one of two market leader providers with Palisades Medical Center (26%). Approximately 32% of hospitalizations from the PSA consistently occur outside Hudson County each year totaling approximately 8,800 discharges.

HUMC delivers community health services and offers a full continuum of health care services to its community, serving approximately 9,400 inpatients, treating 32,000 emergency room encounters, performing 5,500 surgeries, and delivering over 1,500 babies per year and providing jobs for over 1,000 employees and physicians. HUMC is considered the community hospital of both Hoboken and Union City.

Bond Financing

The Authority acquired most of the assets of Saint Mary Hospital, formerly owned and operated by the Bon Secours Health System of New Jersey, Inc., in late 2006. In 2007, the Authority issued Series 2007A Bonds of \$40,465,000 for construction, renovation, improvement and acquisition of facilities and Series 2007B Bonds of \$11,170,000 (collectively, the “Bonds”) for working capital purposes and operating reserves.

The City of Hoboken guaranteed the Bonds up to \$52 million dollars. Since issuing the Bonds, the Authority has timely made debt service payments and has otherwise fulfilled its obligations under the terms of the Bonds.

In 2008, the Authority refunded \$9,720,000 of the Bonds with Series 2008 (Federally Taxable) short-term Bonds, which it then refinanced in 2009.

Personnel

HUMC currently employs approximately 1,000 Full-Time Equivalent employees (“FTEs”). Certain of HUMC’s non-physician employees are represented by either (a) District 1199J, National Union of Hospital and Health Care Employees, or (b) JNESO, Jersey Nurses Economic Security Organization (Union Division of the State Nurses Association), subject to two existing collective bargaining agreements.

Safety Net Status

HUMC has historically been, and remains, a safety net provider for thousands of uninsured and underinsured individuals. Aside from Jersey City Medical Center, the area’s tertiary care facility, HUMC provides more services for the uninsured than any other area hospital. As a significant and, in many cases, sole provider of safety net services (such as mental health/substance abuse, OB services, and emergency department), HUMC plays an indispensable role in caring for the poor of Hudson County.

Uninsured patients are very limited in their access to primary care. HUMC provides the bulk of its primary care services through The Center for Family Health. Located a block away from the hospital, the Center services about 28,500 visits annually and has 24 full-time residents. Services include primary care, women’s and children’s services; diabetes and wound care and geriatric services. More than a third of its patients are uninsured, and another 30 percent have Medicaid coverage. Many others rely on the HUMC Emergency Department (ED). Over a third of approximately 32,000 patients seen in the ED are Medicaid insured and more than a third are uninsured. A host of other community-based programs provide critical services to frail elders, recent immigrants, people living with HIV, and other vulnerable populations.

Additionally, HUMC plays a key role in keeping doctors in the PSA. More than 50 primary care doctors currently practicing in the PSA were trained at HUMC. Through an affiliation with UMDNJ, HUMC continues to train 24 residents per year, many of whom will stay within the PSA when they finish their residency. These residency slots are assigned to HUMC and, according to Medicare regulations, are not transferable to another institution.

Technology Implementation

Since being acquired by the Authority, HUMC has undertaken a large-scale upgrade of its IT systems. Improvements include an Electronic Medical Records (“EMR”) system in the new Emergency Department, digital imaging (MRIs, CT scans, and X-Rays) integrated with a Picture Archiving and Communications System (PACS), bed management systems, wireless access points and PDA access for real time statistics, physical security and monitoring, operation management services, help desk staffing and help desk systems including telecom solutions for quality control, document management systems, patient and transport tracking services, as well as bedside value added services. In addition to the EMR system in place in the new Emergency Department, HUMC is currently implementing a hospital-wide comprehensive EMR system, which HUMC anticipates will be operational in the fourth quarter of 2010.



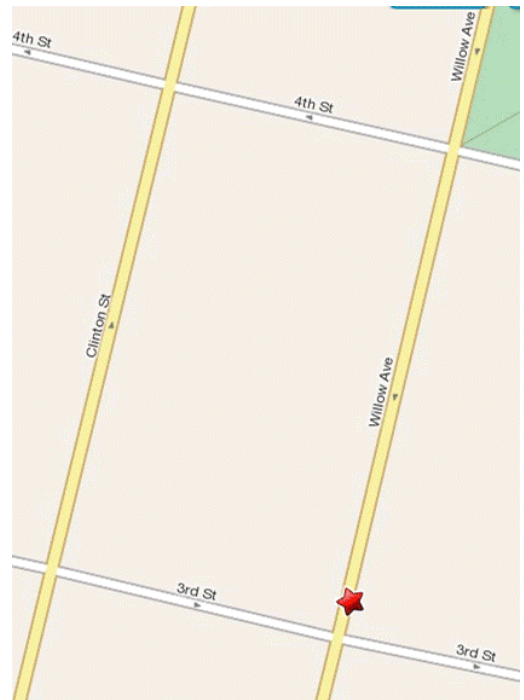
The main Hospital building, located at 308 Willow Avenue, is a seven-story structure comprising approximately 300,000 ± square feet. The Authority owns the building and the underlying property, comprising an entire city block bounded by Willow Avenue, 4th Street, Clinton Street, and 3rd Street.

In addition to the main Hospital building, the Authority owns a 25,565 square foot Medical Clinic building located at 122-132 Clinton Street and a 5,300 square foot office building located at 4th Street and Willow Avenue.

HUMC operates a general acute care community hospital and a hospital-based ambulatory care facility called the Center for Family Health.

In 2007 the Hospital broke ground on a new state-of-the-art 17,500 square foot Emergency Department, which opened in 2009.

The adjacent Hoboken Midtown Parking Garage, operated by the City of Hoboken, is connected to the Hospital by an elevated pedestrian bridge, and contains 300 parking spaces reserved for Hospital employees and an additional 144 parking spaces available for transient parkers.



Licensed Beds	
Medical / Surgical	218
Comprehensive Rehabilitation	30
OB/GYN	25
Pediatric	20
Adult ICU/CCU	16
Adult Open Psych.	16
Child / Adolescent Acute Psych.	19
Intermediate Bassinets	6
Total	350



teraserver
Image Date: 5/20/2009



Hoboken
UNIVERSITY
MEDICAL CENTER

© 2009 Pictometry

City of Hoboken

The City of Hoboken, located in Hudson County, New Jersey, is a city of approximately one square mile with a population of approximately 40,000 residents. The median resident age is 31 years old and the estimated median household income in 2008 was \$86,103.

HUMC is located in a geographically and culturally unique location which significantly shapes the role it plays in delivering health care to its community. Hoboken is bound to the north by the Lincoln Tunnel, to the south by the railroad and the Holland Tunnel, to the west by the cliffs of the Palisades and the east by the Hudson River. These natural and man-made barriers exert significant influence on the reasons people choose to come to HUMC.

Hoboken consists of both "born and raised" (those with a multigenerational history in town) and "newcomer" populations (college-educated professionals under the age of 40, young families who increasingly are staying in Hoboken to raise their children, and a growing number of well-educated middle-aged and older apartment dwellers). The population of Hoboken continues to grow dramatically, owing to development throughout the city. During the 1990s the number of residents in Hoboken increased by approximately 16%.

Surrounding Area

Nearby Union City is predominantly Latino. A generation ago, Union City was overwhelmingly Cuban, but today it is inhabited, to an increasing degree; by Central American and South American immigrants, especially those recently arriving from Colombia, Ecuador, Peru, El Salvador and Guatemala. In all, 59.8% of the PSA population served by HUMC is Latino.

Affluent, active professionals and retirees seeking to be close to, but not within, New York City are also populating upscale housing in West New York and Weehawken.

Demographic Trends

Demographic trends in the HUMC PSA are favorable with growth expected in most age groups, including the 45-64 age group (21% between 2003-2010) — a population apt to need the services of HUMC for inpatient, outpatient and emergency care. Given its proximity to Manhattan and accessibility by multiple forms of transit, Hoboken has become a magnet for young and middle-aged professionals. Hoboken’s unemployment rate was the lowest in New Jersey, at 6.3%, in September 2009, compared to a statewide average of 9.8%.

Population Dynamics	1-mi.	3-mi.	5-mi.
2009 Total Population	79,057	800,619	1,774,050
2009 Total Households	36,734	406,084	870,319
Population Change 1990-2009	12,195	113,734	167,122
Household Change 1990-2009	9,719	73,386	106,979
% Population Change 1990-2009	18.24%	16.56%	10.40%
% Household Change 1990-2009	35.98%	22.06%	14.01%
Population Change 2000-2009	3,064	57,233	80,861
Household Change 2000-2009	4,334	44,987	63,676
% Population Change 2000-2009	4.03%	7.70%	4.78%
% Households Change 2000-2009	13.38%	12.46%	7.89%
2009 Median Age Total Population	31	35	35
2009 Average Household Income	\$95,795	\$137,030	\$139,216

NON-DISCLOSURE AGREEMENT

THIS AGREEMENT (the "Agreement") is made as of _____, 2010 by and between the Hoboken Municipal Hospital Authority, with offices located at 308 Willow Avenue, Hoboken, New Jersey 07030 (together with any subsidiaries or affiliates, the "Authority"), and _____ having executive offices located at _____ (the "Recipient").

W I T N E S S E T H:

WHEREAS, in connection with one or more possible business transactions between the Authority and the Recipient (the "Potential Transaction"), the Recipient has received and/or will receive Evaluation Material from or on behalf of the Authority; and

WHEREAS, the Authority considers all of the Evaluation Material to be proprietary, confidential, or both, and requires certain assurances from the Recipient as a condition of furnishing the Evaluation Material to it;

NOW, THEREFORE, in consideration of the foregoing premises, the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto, intending to be legally bound, hereby agree as follows:

1. The term "Evaluation Material" means all data, reports, records or materials obtained from or on behalf of the Authority, including (i) the existence and status of negotiations relating to a Potential Transaction and (ii) all memoranda, notes, analyses, compilations, studies, or other documents prepared by Recipient or its Representatives that reflect, were developed based upon, or include any Evaluation Material. Evaluation Material does not include information that (a) is or becomes publicly available other than as a result of a disclosure by Recipient in violation of the terms of this Agreement, (b) was available to Recipient prior to its disclosure by the Authority, (c) is subsequently independently developed by Recipient without use of or reliance on the Evaluation Material, or (d) becomes available to Recipient from a source that is not, after good faith inquiry, known by Recipient to be prohibited from disclosing the information due to an obligation of confidentiality with respect to such information. Evaluation Material shall only be used to evaluate a Potential Transaction.
2. Recipient shall keep all Evaluation Material confidential and not disclose or reveal any Evaluation Material to any person(s) other than to Recipient's officers, directors, employees, and advisors (its "Representatives") that (i) need to know such Evaluation Material in order to permit Recipient to evaluate the Potential Transaction, (ii) are advised of the confidential nature of the Evaluation Material, and (iii) agree to maintain the confidentiality thereof. Recipient shall take the same precautions to protect and preserve the confidentiality of the Evaluation Material that it takes to protect its own highly confidential information. Recipient shall be responsible for any breach by its Representatives of the terms of this Agreement.
3. In the event Recipient or its Representatives are required by law to disclose any Evaluation Material, Recipient shall, to the extent reasonably practicable and permitted by law, provide the Authority with prompt notice of each such request to enable the Authority to seek a protective order or other appropriate remedy or waive compliance with the terms of this Agreement if applicable. Thereafter, Recipient will only disclose such Evaluation Material as it is advised by counsel need be disclosed, and Recipient will exercise reasonable efforts to ensure confidential treatment is

afforded any disclosed Evaluation Material.

4. If either party decides not to pursue the Potential Transaction, or upon the Authority's written request, Recipient shall, and shall direct its Representatives to, destroy or deliver to the Authority all Evaluation Material, including all copies or reproductions thereof in Recipient's or its Representatives' possession.
5. All of the Recipient's communications in connection with a Potential Transaction involving the Authority shall be directed to Kenneth A. Rosen, Esq., Lowenstein Sandler PC 65 Livingston Avenue, Roseland, New Jersey 07068, or a designee of the Authority. Recipient shall not contact or discuss any Evaluation Material with the Authority's employees unless authorized by the Authority in writing (e-mail is sufficient).
6. Other than in connection with the consummation of a Potential Transaction, neither the Recipient nor the Authority shall, for three (3) years from the date first written above, solicit for hire the other's employees, except neither party shall be precluded from hiring any person (i) who responds to any general solicitation or advertisement, (ii) who contacts the hiring party without any direct or indirect solicitation or encouragement from the hiring party, other than any general solicitation or advertisement, or (iii) whose employment is first terminated by the Recipient or Authority, as applicable.
7. Neither party shall be obligated hereby to enter into any further agreement, nor shall any commitment, undertaking or other obligation of any nature whatsoever be implied hereby, unless and until a duly authorized agreement has been executed and delivered by the parties hereto.
8. This letter agreement will be construed and enforced in accordance with the laws of the State of New Jersey applicable to agreements made and to be performed entirely in such State, without reference to conflict of laws provisions. The parties hereto agree that any legal action under this letter agreement can be brought only in (i) the Federal District Court for the District of New Jersey located in Essex County, New Jersey or (ii) the New Jersey Superior Court located in Hudson County, New Jersey. The parties consent to the jurisdiction of those courts and agree not to assert that any of those courts is an inconvenient forum. The parties also hereby irrevocably waive any right each may have to trial by jury in respect of any claim based upon, or arising out of, this letter agreement.
9. This Agreement and the parties' obligations hereunder shall expire three (3) years from the date first above written; except, to the extent trade secrets are disclosed hereunder, the non-use and non-disclosure of such Evaluation Material shall continue to apply until such Evaluation Material is no longer considered a trade secret by the Authority.

[Signature page to follow]

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed as of the date first written above.

HOBOKEN MUNICIPAL HOSPITAL AUTHORITY

RECIPIENT

By: _____

By: _____

Its: _____

Its: _____

Dated: _____

Dated: _____