



March 11, 2011

Hon. Dawn Zimmer, Mayor
Hoboken City Hall
94 Washington Street
Hoboken, New Jersey 07030

Re: Dissolution of the Hoboken Municipal Hospital
Authority and Sale of Hoboken University
Medical Center

Dear Mayor Zimmer:

I am writing to you in response to your prompt reply to New Jersey Appleseed's request that the City Council hold a public hearing prior to adopting an ordinance dissolving the Hoboken Municipal Hospital Authority ("HMHA"), and, approving the sale of the Hoboken University Medical Center (the "Hospital").¹ I thank you for your thoughtful and measured response, and recognition of New Jersey Appleseed's motivation and goal in sending our initial letter: transparency, government accountability, fairness in process, and protection of a community health asset.

That said, I would like to make a proposal that I believe would satisfy New Jersey Appleseed's interest in ensuring review of any proposed sale of the Hospital pursuant to certain factors set forth in the Community Healthcare Assets Protection Act ("CHAPA") with your concern that the mixing of decisions relating to the Hospital with local politics, especially during an election campaign, is ill advised.

¹ I note that I have also received a letter from counsel for the HMHA, expressing similar concerns as you, but have not received a response from Council President Mason to whom it was directly addressed.

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Let me begin by saying that I agree with your statement that "[s]tatutory authority with regard to Hospital matters resides with the Hospital Authority" to the extent that such authority places "operational" decisions solely within the ambit of the HMHA. Indeed, Local Ordinance DR-281 establishing the HMHA declares that the City Council "desires to create, through the provisions of the Municipal Hospital Authority Law, a municipal hospital authority to acquire and operate St. Mary's Hospital" implicitly with no direct intervention of the City Council in operational decisions of the Hospital. Rather, the Ordinance places the Mayor of Hoboken on the Board of the HMHA, which is explicitly an "agency and instrumentality of the City", and gives that executive officer the power to appoint six of the HMHA's public members, with the advise and consent of the City Council, to represent the interests of the municipality and its residents with respect to the acquisition and operation of the hospital. It is uncontroversial to say that authorities are often created by the state, counties or municipalities in order to disengage legislative bodies from entanglement with the daily operations of the entity.

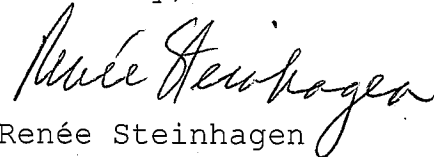
However, the sale of the primary and essential asset of the HMHA is not a sale of any asset, such as a piece of medical equipment, and is not a mere operational decision. Although both Local Ordinance DR-281 and the Municipal Hospital Authority Law, N.J.S.A., 30:9-23.15 et seq are silent as to the processes to be followed by the HMHA when deciding to sell or lease the Hospital (in contrast to contracting with a nonprofit operator), the Local Authority Fiscal Control Act makes clear that the City Council does have the authority to dissolve the HMHA, subject to review by the Local Finance Board. Accordingly, as stated in my first letter, New Jersey Appleseed does believe that the City Council has a role to play in reviewing the HMHA's decision to sell the Hospital to ensure that the financial and healthcare interests of Hoboken residents are protected (prior to deciding to dissolve the HMHA). The decision to sell the Hospital, and in particular to sell the Hospital to a for-profit entity, is a decision for which the residents of Hoboken will rightfully hold all of their elected officials responsible.

Notwithstanding New Jersey Appleseed's assertion that there is role for the City Council to play to assure its voters and residents that the decision to sell the Hospital, the selection process employed, the value received, and the commitments it secured as to the future of hospital services remaining in the community are the right ones, we agree with counsel for the HMHA that the City Council does not have "the expertise, the

experience and the resources to conduct the type review the Legislature has mandated the Attorney General conduct with respect to the sale of a not-for-profit hospital under CHAPA." Accordingly, we strongly urge you and/or the City Council to request that the Attorney General undertake such review employing procedures similar to those set forth in CHAPA (e.g., public hearing, public access to documents, and issuance of an opinion evaluating the propriety of the transaction in accord with certain factors set forth in the Act) prior to effecting the sale of the Hospital leading to the dissolution of the HMHA.

New Jersey Appleseed would join you and/or the City Council in making such request. As a stated before, the citizens of Hoboken are due no less.

Sincerely,



Renée Steinhagen

Cc: George Crimmins
Council President Mason
Attorney General Dow
Commissioner Alaigh, M.D.
Thomas Neff

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