

THE AUTHORITY

NEW LEADERSHIP FOR AUTHORITY



Wayne Mugrauer

On July 9, 2007 the Board of The Hospitals and Higher Education Facilities Authority of Philadelphia appointed Wayne A. Mugrauer, MPA, President and Chief Executive Officer, following a national search. A long-time leader in Philadelphia's health care community, Mugrauer most recently served as President and

CEO of Friends Hospital, a 192-bed psychiatric hospital in Northeast Philadelphia, where he led the non-profit hospital in developing strategic alliances with major health systems and community health centers, significantly expanding care to the mentally ill in the Delaware Valley.

Mugrauer, 54, began his management career at Lenape Valley Foundation, a community mental health center affiliated with Doylestown Hospital. Later, he served as Chief Operating Officer for Penn Foundation for Mental Health in Sellersville, PA, and subsequently as Vice President at North Penn Hospital in Lansdale.

During his tenure at Friends Hospital Mugrauer oversaw major construction projects, including new construction and renovations, as well as opening

Continued on page 2

AUTHORITY BOARD EXPANDS



Shelley Simms Reed

Shelley Simms Reed, Esq. accepted appointment to join the Board of Directors of the Authority in April 2007. She is Senior Vice President, Compliance and Operations at FIS Group, a Philadelphia investment advisory and management services firm for institutional investors.

"We are fortunate in Philadelphia to have renowned hospitals and universities," said Simms Reed. "In order for them to continue providing cutting-edge care, education, and research, they all need competitive financing. The Authority has the ability to help these institutions continue to do the phenomenal work they do. I am pleased to be a part of that solution and to contribute my relevant experience in finance to help the Authority return to that level of competitiveness."

Simms Reed has had diverse experience in contract negotiation, litigation, and government relations. Prior to working with FIS, she served

Continued on page 2

GREEN HEALTHCARE: GOOD POLICY AND GOOD BUSINESS SEMINAR

On Thursday, March 6, 2008, Post & Schell, The Healthcare Improvement Foundation, and the Authority will jointly sponsor a morning seminar entitled *Green Healthcare: Good Policy and Good Business*. The seminar will present current professional thinking with regard to issues including:



- Sustainability and compliance
- Energy conservation and alternative energy use
- Financing solutions and
- Green construction.

"Co-sponsoring this important seminar is yet another way the Authority has chosen to define its support of our institutional clients. With energy costs and supplies presenting new operational challenges, we want to be on the forefront of creative thinking as new solutions are identified,

Continued on page 4

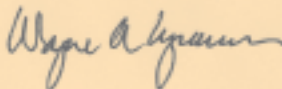
OUTLOOK ON THE FUTURE

By Wayne Mugrauer, President and CEO

Dear Friends,

As I begin my tenure as the Chief Executive of The Hospitals and Higher Education Facilities Authority of Philadelphia, I do so with a first-hand understanding of its important role in the regional institutional community. During my 15-year tenure at Friends Hospital, HHEFAP bond financing made possible the construction of a replacement hospital project and a new dining facility. And, though Friends was the first area hospital to utilize Authority services in 1975, it merely led the way for many others. Over the course of a distinguished 33-year history, the Authority and the institutions that it serves have successfully attracted some \$7 billion in regional investment for health, education and long-term care. In every case, these dollars have been used to launch services and program expansion, which often gained international reputation for their professional excellence. As we have been reminded in our years of operation, sustained excellence requires a solid mission, a willingness to embrace change, and constant organizational evolution. So it is for us now as well. While our mission will be unchanged, we are re-doubling our resolve to provide the most responsive, technically proficient conduit financing available. Through the activities of our sister organization, the Healthcare Resources Foundation, we will also strive to continue to modestly improve the health and welfare of the communities which we serve.

In the years to come we envision significantly increased service demands, rapidly evolving technologies and a renewed focus on environment efficiency. As it has been in the past, we expect the Authority will be there to support the needs and growth of critical services to our local institutions. We look forward to your continued support and partnership.




NEW LEADERSHIP FOR AUTHORITY

Continued from page 1

of new medical facilities in several locations.

Active in state and national organizations, Mugrauer served on the board of the National Association of Psychiatric Health Systems, as President of the Pennsylvania Association of Psychiatric Health Systems, as a member of the Board of Managers of Friends Hospital, Friends Services for the Aging, Larkspur Healthcare Network, and the Delaware Valley Healthcare Council of the Hospital/Healthcare Association of Pennsylvania, often testifying on behalf of healthcare organizations to government bodies. He has also been a member of the Greater Philadelphia Health Assembly and the Society for Healthcare Strategy and Market Development.

"We are very pleased to welcome Wayne Mugrauer to the Hospitals Authority," said Robert W. Bogle, Chairman of the Authority. "He is exceptionally well qualified to lead our organization as we focus on the new challenges that our hospital and educational facilities managers are addressing in an increasingly challenging environment. Wayne continues the tradition of great leadership we have enjoyed at the Authority over the past 20 years."

Mugrauer received a Master of Public Administration from Penn State University, and a Bachelor of Arts degree from Temple University. He is currently an adjunct faculty member in Immaculata University's Health Science and Services Program.

AUTHORITY BOARD EXPANDS

Continued from page 1

as independent counsel to ARAMARK corporation's Sports & Entertainment, Campus, and International divisions, as well as in legal positions for Comcast Corporation and Ballard Spahr Andrews & Ingersoll, LLP. She also served as law clerk to the Honorable Theodore A. McKee,

Circuit Judge on the United States Court of Appeals for the Third Circuit. A graduate of Brown University and Harvard Law School, Simms Reed was Supervising Editor of the *Harvard Law Review*. She currently works with several nonprofit and civic organizations, including the Russell Byers Charter School and the Advisory Board of Operation Understanding.

CHILDREN'S HOSPITAL OF PHILADELPHIA 2007 BOND ISSUE

Hospitals and higher education facilities throughout Pennsylvania turn to the Authority when undertaking infrastructure growth, increasing physical capacity, or modernizing facilities. Children's Hospital of Philadelphia (CHOP) worked with the Authority in 2007 to issue hospital revenue bonds totaling \$222,825,000. "CHOP is generally considered to be the preeminent pediatric hospital in the world," said Wayne Mugrauer, President and CEO of the Authority. "The Authority is pleased to have partnered with this center of clinical excellence for 34 years. CHOP's clinical and research capacity benefits not only our children, but our regional economy as it brings together significant resources to research and cure pediatric conditions."

CHOP was founded in 1855 as the first hospital in the nation devoted exclusively to providing medical care for children. Over the course of its 152-year history, CHOP has earned a reputation as the nation's leading pediatric medical center, known not only for the quality of its clinical services but also for the excellence of its teaching and research programs. Licensed for 514 inpatient beds, it currently operates 410 beds at its West Philadelphia campus, including one of the largest pediatric intensive care complexes in the nation. World renowned for its high-quality patient care, research innovation, and teaching excellence, CHOP

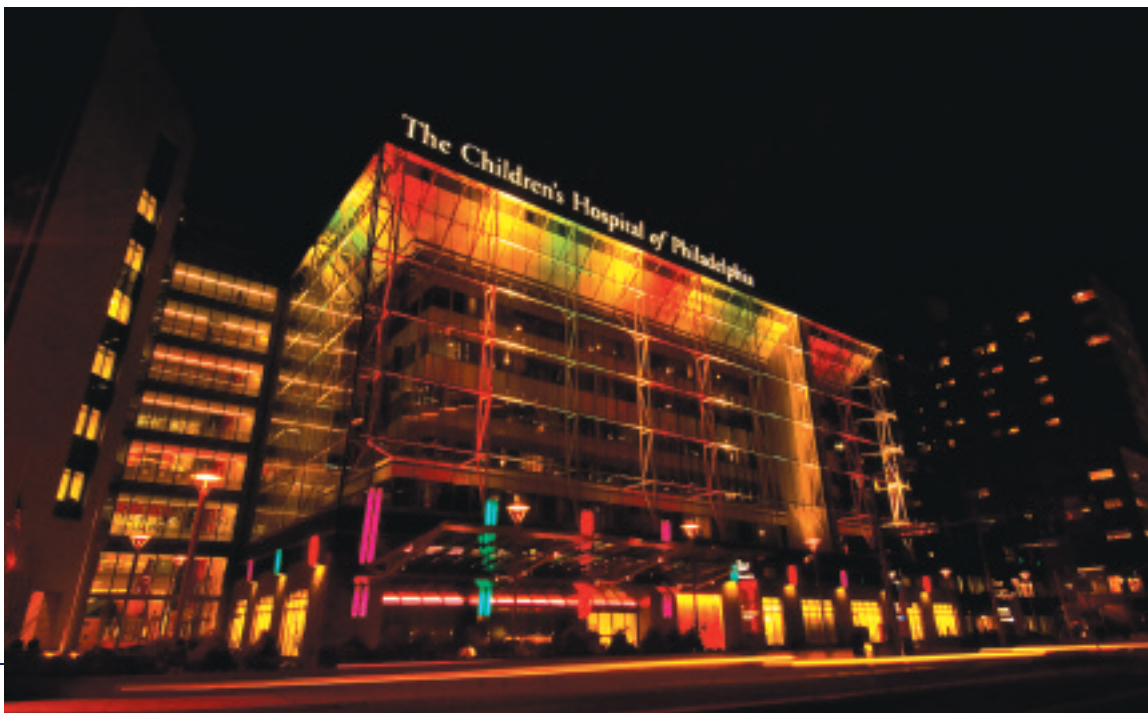
is a pioneer in promoting family-centered care, a philosophy that recognizes parents and family members as key partners in the healing process.

Since CHOP's main building on

34TH Street was completed in 1974, renovation and construction of new patient care and research facilities has been ongoing. In 2001 the hospital announced plans for a multi-year, multi-phase project that is expected to double

the size of the main campus and significantly increase the scope of the hospital's pediatric healthcare network. This includes developing the former site of the Philadelphia Civic Center, directly across from CHOP's main campus.

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THE HOSPITALS AND HIGHER EDUCATION FACILITIES AUTHORITY AT A GLANCE

Founded	1974
Leadership	Robert W. Bogle, Chairman Wayne A. Mugrauer, President and CEO
Bonds Issued	More than 125 issues to date
Amount Funded	7+ billion dollars to date
Funding for	Not for profit/ Non-sectarian: Sub-acute and long-term healthcare, universities, colleges, community colleges and secondary schools, health centers and projects, MH/MR projects
Representative List of Clients	Children's Hospital of Philadelphia, Community College of Philadelphia, Jefferson Health System, North Philadelphia Health System, Philadelphia MH/MR Project, Philadelphia Protestant Home, SPIN Inc., Temple University Health System

GREEN HEALTHCARE

Continued from page 1

implemented, and financed," said Wayne Mugrauer, Authority President and CEO.

The seminar will be held at the new conference facilities of Post & Schell, 4 Penn Center, 1600 JFK Boulevard, Philadelphia. The seminar is designed for senior executives of local health systems, continuing care retirement communities, and colleges and universities as they all manage significant plant operations and green technology challenges.

For more information, please call 215-568-8100.



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