

**HUMC Holdco LLC
c/o Bruce R. Gilbert
2000 Market Street, 20th Floor
Philadelphia, PA 19103
215.299.2170**

August 10, 2010

Hoboken Municipal Hospital Authority
c/o Kenneth A. Rosen, Esq.
Lowenstein Sandler PC
65 Livingston Avenue
Roseland, NJ 07068

Re: Proposed purchase of Hoboken Municipal
Hospital Authority and its subsidiaries by HUMC
Holdco LLC

Dear Sirs/Madams:

Please accept this letter ("Proposal") as an expression of the interest of HUMC Holdco LLC or an affiliate thereof ("Purchaser") to purchase certain assets (referred to as "Assets") of Hoboken Municipal Hospital Authority (the "Authority"), which operates a general acute care hospital based in Hoboken, NJ.

In response to the Public Notice of Hudson County, New Jersey, regarding the Request for Proposals Respecting Hoboken University Medical Center (the "Medical Center"), dated July, 2010, Purchaser provides the following information:

A. Proposed use of the Authority facilities, including level of service.

Purchaser's intent would be to preserve, and not make any major changes to, the services currently offered at the Authority's current locations. Purchaser would expect to continue to operate the Authority as a full service general acute care hospital. Purchaser would, however, initiate a strategic planning process to determine opportunities in the marketplace for the purpose of developing and expanding centers of excellence for acute care services, out-patient hospital services, and outreach community programs.

B. Proposed transaction structure, including price and form of payment.

Pursuant to an asset purchase agreement ("Asset Purchase Agreement"), the aggregate purchase price would be \$75,000,000 (the "Purchase Price"), payable in cash.

C. Proposed distribution or allocation of funds.

The Purchase Price would be used (1) to retire 100% of the secured debt (approximately \$63,000,000) guaranteed by the City of Hoboken, (2) to pay to-be-determined amounts to unsecured creditors, and (3) for working capital and capital improvements of the Medical Center.

D. Proposed liabilities to be assumed by acquirer.

Pursuant to the Asset Purchase Agreement between Purchaser and the Authority:

1. Purchaser would acquire certain Assets of the Authority, including the Medical Center and other real estate, equipment and furnishings in the like, owned by the Authority related to the Medical Center (including medical office buildings), necessary to provide hospital and health care related services (“Assets”). Such Assets would be required to be free and clear of any and all interests, liens, claims, charges or encumbrances; and
2. Purchaser would assume certain liabilities necessary to operate the Business as identified by Purchaser in the Asset Purchase Agreement;

E. Planned capital investment programs.

Shortly after closing, Purchaser would begin a strategic planning process to determine how to effectively invest capital in the Medical Center to enable the Medical Center to provide better and more efficient services to the citizens of Hoboken and surrounding communities.

F. Required financing for the proposed transaction.

Purchaser would finance this transaction through an arrangement with Wellspring Capital management LLC. Purchaser anticipates that approximately \$75 million would be required to finance this transaction.

G. Status of financing.

Purchaser recently obtained approved financing up to \$75 million from Wellspring Capital Management LLC and its affiliates.

H. Identity of acquirer.

The Purchaser would be HUMC Holdco, LLC, which is a New Jersey Limited Liability Authority, owned and managed by Vivek Garipalli, James Lawler and Jeffrey Mandler.

I. Prior health care experience of principals.

Vivek Garipalli currently owns and operates nine independent sleep centers in four states, one hospital sleep lab, and has an additional 21 facilities in the development phase. At JP Morgan Partners, Mr. Garipalli aided on investments in numerous transactions, including acquisitions of Auna and Ono (Spain Telecom Company), Medquest (Diagnostic Imaging), Warner Chilcott (Specialty Pharma), and Pinnacle Foods (Branded Food manufacturer). Mr. Garipalli also worked for the Blackstone Group in their Restructuring & Reorganization Advisory Department. At Blackstone, Mr. Garipalli assisted with Fleming Companies' bankruptcy, as well as RCN Corp's bankruptcy. Finally, Mr. Garipalli worked on a range of healthcare mergers, acquisitions, and financings during his time with Credit Suisse First Boston.

Jeff Mandler has over 25 years of healthcare experience, and is a highly successful professional providing senior-level management services and financial direction to Healthcare Imaging Solutions LLC. His strengths in visionary leadership, strategic business planning, organizational development and innovative marketing approaches have promoted high-growth business ventures. Mr. Mandler recently founded a diagnostic imaging company, Healthcare Imagine Solutions, in Maryland.

James Lawler currently serves as the Managing Member of JPL Healthcare Consulting, LLC, and is responsible for developing the business goals of the organization. As Chief Financial Officer of The University Hospital in Newark, New Jersey, Mr. Lawler extensively reorganized accounting and reporting functions, which helped to accurately aid decision-making and performance monitoring. As both Executive Vice President and Chief Financial Officer of Liberty HealthCare System, Mr. Lawler developed a comprehensive strategy for the successful financing of a replacement facility for Jersey City Medical Center. Finally, Mr. Lawler served in the positions of Corporate Comptroller, Assistant Vice President of Finance and Reimbursement, Senior Assistant Vice President, and ultimately as Chief Financial Officer of New York City Health and Hospitals Corporation for approximately 12 years.

J. Proposed capital structure of acquirer.

The currently contemplated capital structure of the acquirer will be a debt free entity financed 100% via equity capital.

K. Prior acquisitions or investments in the health care industry.

The Purchaser, through a separate limited liability company, currently owns and operates Bayonne Medical Center, a 278-bed acute care hospital, located in Bayonne, New Jersey. In addition the Principals of the Purchaser in separate endeavors own and operate Out-patient Radiology Facilities as well Sleep Disorder Diagnostic centers in various areas of the US.

L. Time table for due diligence, execution of a letter of intent, and execution of an asset purchase agreement.

The Purchaser would commence due diligence upon the approval of this Proposal by the Authority. Following approval of this Proposal, the purchaser would be prepared to immediately negotiate and then execute a letter of intent, and Purchaser would be prepared to begin negotiating an asset purchase agreement immediately upon the commencement of due diligence.

M. Conditions to completion of transaction, required approvals and permits.

The acquisition would be subject to the prior satisfaction of customary conditions precedent, which shall include, without limitation:

1. the negotiation of a definitive Asset Purchase Agreement;
2. receipt of all material third party, governmental and any other consents, including, without limitation, a Certificate of Need issued by the New Jersey Department of Health and Senior Services and the New Jersey Office of the Attorney General under the New Jersey Community Healthcare Asset Protection Act to transfer ownership of the Business to Purchaser, and including without limitation, approvals of Centers for Medicare & Medicare Services, New Jersey Medicaid, the Nuclear Regulatory Commission, the Joint Commission, and approvals of governmental bodies required in order to approve the operating structure of Purchaser;
3. execution of acceptable employment agreements with certain key members of Authority's management;
4. the negotiation, execution and assignment to Purchaser, as applicable, of executory contracts acquired pursuant to the Purchase Agreement on terms and conditions satisfactory to Purchaser and the third parties that are parties thereto; and
5. Satisfactory results related to Purchaser's due diligence process.

N. Identity of financial advisor and legal counsel for acquirer.

Purchaser is currently represented by its Senior Vice President and General Counsel, Bruce R. Gilbert, but Purchaser will retain outside counsel to represent Purchaser if Purchaser's Proposal is accepted. Purchaser has not engaged a financial advisor for this transaction.

* * *

In addition to the above, the following terms apply to this Proposal:

1. Each party shall pay its own fees, costs and expenses and those of its agents, advisors, attorneys and accountants with respect to this Proposal, the definitive agreements and the closing.

2. The terms and conditions of this Proposal (including the identity of Purchaser) are confidential and are not to be disclosed to anyone outside the Authority other than to the Authority's legal counsel and other agents and representatives who need to know such information in connection with the proposed transaction. Purchaser agrees that it will keep confidential all information relating to its negotiation with the Authority and all information provided by the Authority, and will not disclose such information to anyone other than to its legal and accounting advisors, consultants, and lenders in connection with the proposed transaction. Subject to the requirements of applicable law, neither the Authority nor Purchaser shall make any news releases or any public disclosure with respect to the proposed transaction without the prior consent of the other party, which consent shall not be unreasonably withheld.
3. It is expressly understood that this Proposal, except for paragraphs 1 and 2, above, is not a binding contract, and that no party shall be entitled to any recourse, in the form of damages or otherwise, for expenses incurred or benefits conferred or lost before or after the date of this Proposal in the event that there is a failure for any reason of the parties to agree on the terms and provisions of the definitive agreements providing for the transactions contemplated by this Proposal.

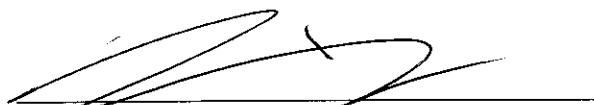
* * *

Enclosed please find a fully executed a nondisclosure agreement executed on behalf of HUMC Holdco LLC.

Please let us know as soon as possible if Purchaser's Proposal is accepted. We can then begin drafting a letter of intent, and Purchaser can begin its due diligence.

HUMC HOLDCO LLC

By:



Name: Vivek Garipalli
Title: Managing Member

Cc: Jeff Mandler
Jim Lawler
Bruce Gilbert