

AUTHORITY NOTES

WINTER 2024

Join us in welcoming New Jersey’s Acting Commissioner of Health, Dr. Kaitlan Baston

The New Jersey Health Care Facilities Financing Authority (the “Authority”) congratulates Dr. Kaitlan Baston on her recent appointment as New Jersey’s Acting Commissioner of Health.

Prior to her appointment by Governor Philip D. Murphy this past July, Acting Commissioner Baston built and led the Cooper Center for Healing, an integrated pain, addiction, and behavioral center, and was an Associate Professor of Medicine at Cooper Medical School of Rowan University (CMSRU).

In a recent news release, Governor Murphy said, “I am thrilled to nominate Dr. Kaitlan Baston as our next Commissioner of the Department of Health. The Department plays a vital role in protecting the

public’s health while also promoting healthy communities and constantly improving the quality of health care for all New Jerseyans. Dr. Baston’s breadth of experience as a physician, highlighted by her many leadership roles within the addiction and health care space, will make her an exceptional commissioner at the Department of Health.” (You can view the entire release under the *News and Events* heading at www.nj.gov.)

According to the New Jersey Department of Health website, Dr. Baston began her career as a full-spectrum family physician focused on underserved populations.

Dr. Baston worked with public health projects in Rwanda and public maternity
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Acting New Jersey Commissioner of Health, Dr. Kaitlan Baston



*NJHCFFA Executive Director
Frank Troy*

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From the Executive Director’s Desk —



It is hard to believe another year is over, and 2023 is history!

As executive director, I look at the past year with mixed emotions. The New Jersey Health Care Facilities Financing Authority (the “Authority”) lost family, friends, and co-workers, some way too soon.

We also said goodbye to some familiar faces, most notably Mark Hopkins, Judith Persichilli and Marlene Caride.

As seen in this newsletter, however, we made new friends and welcomed Members Acting Commissioner of Health Dr. Kaitlan Baston, who now serves as Authority Chair and Justin Zimmerman, Acting Commissioner of Banking and Insurance.

There were several notable accomplishments as well. The Authority Members approved 16 applications for the State Fis-

cal Year 2023 Family Planning Forgivable Loan Program totaling \$9.7 million to provide funds to help ensure residents of New Jersey have access to reproductive health services. To date, the Members approved \$8.4 million of State Fiscal Year 2024 Family Planning Forgivable Loan Program loans.

The Authority also assisted AtlantiCare Regional Medical Center with a \$61.7 million tax-exempt bond issue at significant savings compared to taxable bonds. We look forward to assisting more of the State’s health care organizations with their capital needs in 2024.

Speaking of history, much has been written about interest rates in 2023 and how high they are, largely due to the well-publicized activities of the Federal Open Market Committee, or FOMC.

In about a year and a half, FOMC raised

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An update on the Facilities Upgrades Forgivable Loan Program

The New Jersey Department of Health (the Department), through an appropriation of \$10 million funded by a grant-in-aid from the State, signed a Memorandum of Agreement with the New Jersey Health Care Facilities Financing Authority (the “Authority”) to create, implement, and oversee the Family Planning Facilities Upgrades Forgivable Loan Program.

Facilities that provide a full spectrum of reproductive health services that facilitate family choice are eligible to apply. However, each facility must be licensed and in

good standing with the State of New Jersey. Facilities that the State of New Jersey licenses that provide alternative health care services but do not provide services related to family planning and reproductive health are not eligible to apply.

The loan program offers each applicant an opportunity to receive up to \$750,000 as a one-year, zero-percent interest rate forgivable loan to assist with allowable expenditures such as equipment improvements, upgrades for facility acquisition, interior renovations and improvement, new equip-

ment, and new or expanded information technology services for costs incurred between July 1, 2023, and June 30, 2024.

The Authority approved more than \$7.6 million of forgivable loans to four organizations for 16 loan applications after one round of applications.

The Authority is excited to launch this innovative program and hopes to provide New Jersey’s healthcare providers with continued access to funding resources geared towards improving and enhancing their facilities.

Recent Financings: NJHCFFA and AtlantiCare Close Deal



**New Jersey
Health Care Facilities
Financing Authority**

AtlantiCare Regional Medical Center’s Atlantic City, New Jersey campus is pictured alongside the marquee of the New Jersey Health Care Facilities Financing Authority AtlantiCare facility photo courtesy of: AtlantiCare

On September 13, 2023, the Authority closed on the \$61,705,000 privately issued tax-exempt Series 2023 bond financing on behalf of AtlantiCare Regional Medical Center.

AtlantiCare Regional Medical Center is a 593 licensed-bed, acute care not-for-profit hospital facility with two campuses located in Atlantic City and Galloway Township, New Jersey. AtlantiCare Health Systems, Inc., the parent company, is currently rated AA- by both S&P Global Ratings and Fitch Ratings on their long-term, public debt.

TD Bank N.A. directly purchased the 2023 bonds.

The proceeds of this transaction were used, amongst other things, to reimburse the borrower for the costs of planning, development, acquisition, construction, equipping, expansion, furnishing, and renovation of all or a portion of various capital projects of the borrower and its affiliates.

Additionally, proceeds were used to pay costs incurred with issuing and selling the Series 2023 bonds. The transaction was structured as one fixed rate maturity, with sinking fund installments from 2025 to 2053. The yield on the Series 2023 bonds is 4.27%, maturing on July 1, 2053.

It is estimated that the borrower saved approximately \$11 million by using a tax-exempt financing structure versus a taxable one.

From Executive Director Troy’s Desk

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the federal funds rate 11 times to reduce inflation. While the cost of some loans and credit has risen significantly, I offer that from a historical perspective, tax-exempt hospital and health system bonds remain at attractive rates, particularly for upper medium and high grade rated borrowers.

The graph below shows yield to maturity data from the widely followed S&P Global Ratings’ Municipal Bond Healthcare Index. As you can see, except for the years distorted by the COVID-19 pandemic, yields have been relatively stable and, in fact, are lower than in 2013.

I realize some organizations may long for the “good old days” rates of 2020 and

2021, while others may be formulating their capital plans. If so, consider the Authority’s flexible and historically low-cost Capital Asset Program (the “CAP”).

The CAP can fund the early stages of strategic initiatives such as “land banking” while designs are finalized and approvals secured, and the average rate during 2023 was a low 2.75%.

Please contact our experienced team if you have any questions about bond financing, the CAP, or any other Authority program.

In closing, on behalf of the Members and staff of the New Jersey Health Care Facilities Financing Authority, I wish you all a happy, healthy, and prosperous New Year!



2024:

AUTHORITY MEETING SCHEDULE

JANUARY 25

FEBRUARY 22

MARCH 28

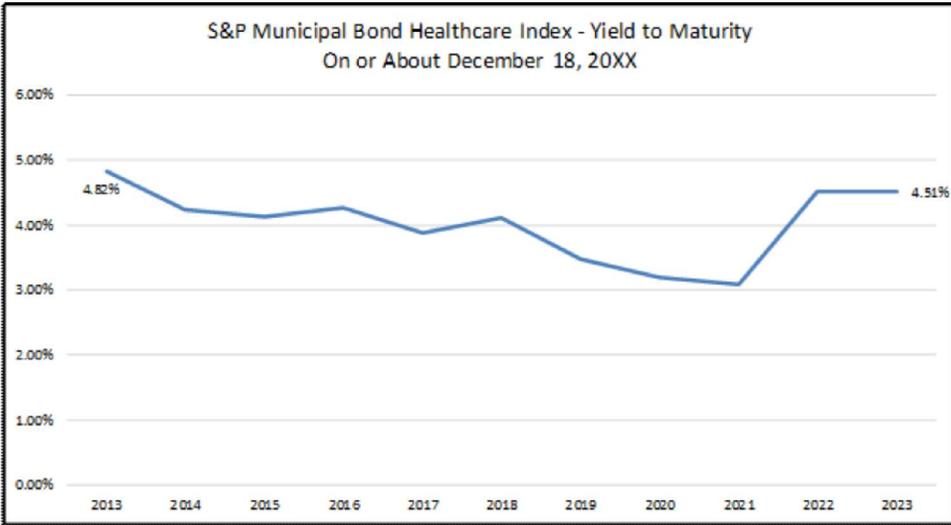
APRIL 25

MAY 23 *

Meetings are open to the public and are held at 10:00 a.m in the Authority's office on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, New Jersey.

Questions?
Call the Authority at
609-292-8585

* Annual Meeting



Source: S&P Global Ratings

Baston appointed Acting Commissioner of Health

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and trauma hospitals in the Dominican Republic, where she provided a full spectrum of family planning services. She also spent part of her career working in a bilingual community health center in Seattle.

“I am deeply grateful to Governor Murphy for entrusting me with this opportunity to serve the people of New Jersey,” said Dr. Baston.

“I have spent my career focused on addiction services, maternal and child health, and improving equity through health care in the community, and I am fully committed to using those experi-

ences to create a healthy, equitable state for all.”

Baston continues, “It is an honor to lead the Department following the incredible work and dedication of Commissioner Persichilli during an unprecedented time in public health, and I look forward to working with the team to advance the health and equity of all New Jerseyans.”

Acting Commissioner Baston says she’ll strive to ensure that all people have access to resources that can keep them healthy through compassionate, evidence-based medical care.

She wishes to continue maintaining a strong focus on decreasing health disparities, improving maternal-child health outcomes, and enhancing integrated care for behavioral health and substance use disorders.

Dr. Baston obtained her Bachelor of Arts degree from Miami University, her Master of Science in neuroscience from Kings College London, and her M.D. from Jefferson Medical College of Thomas Jefferson University. The Acting Commissioner is board-certified in both Family Medicine and Addiction Medicine.

NJHCFFA STAFF NOTES

Welcome to the team!

The Authority welcomes Jeff Solimando, who will serve as its Communications/Government Relations Specialist. Reporting to Executive Director Frank Troy, Jeff will handle the Authority's communications initiatives and monitor government activities that affect both the Authority and New Jersey health care providers. Jeff joined the Authority in mid-October.



Solimando



Lora

The Authority also welcomes Jose Lora as its Assistant Director of Research, Investor Relations and Compliance. Reporting to Division Director Taryn Rommell, Jose's responsibilities include assisting senior staff with monitoring and analyzing borrower management, governance, and finances, and will work on the Authority's special projects.

Thank you and Congratulations!

NJHCFFA celebrates its staff!

Project Manager Edwin Fuentes celebrated a milestone fifteenth anniversary with the Authority this past September. Thank you, Edwin, for your years of service and valued contributions. Your skill sets and commitment to the Authority's efforts are greatly appreciated.



Fuentes



Kline

Executive Assistant / Office Manager Cindy Kline celebrated her fifth year with the Authority in November 2023. Congratulations, Cindy, and thank you for your continued dedication and support. All departments within the Authority are grateful for your assistance.

**New Jersey Health Care
Facilities Financing Authority's
Capital Asset Program (CAP)**

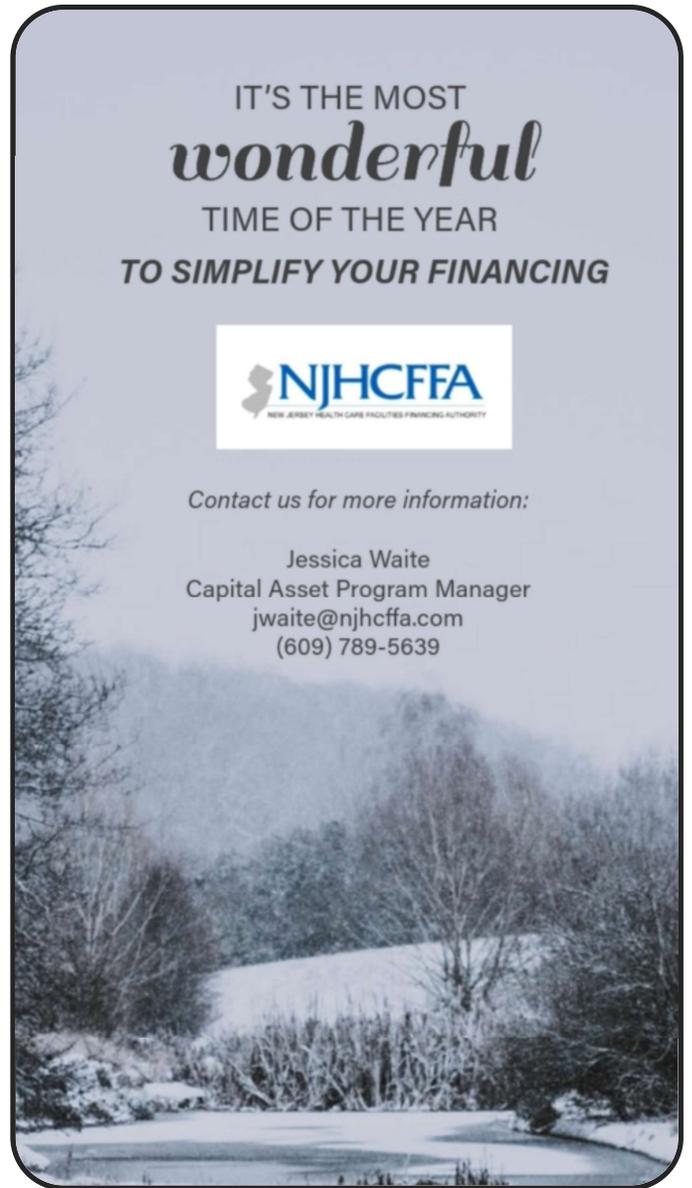
The Capital Asset Program (CAP) is a "revolving pool" of \$50 million which is available to make loans to health care facilities wishing to finance or refinance major moveable equipment, renovations to existing plants, minor construction, and additions, parking garages and bridge financing.

The CAP was designed to take advantage of bonds issued prior to the 1986 tax law changes.

Loans made under the CAP are continuously repaid, making fresh funds available for other borrowers.

The effective interest rate goes down as more borrowers participate because program costs are shared, and the program benefits from variable interest rates backed by an Aa rated letter of credit.

**Take advantage of this unique loan program
today with an issuance fee of only
\$500!**

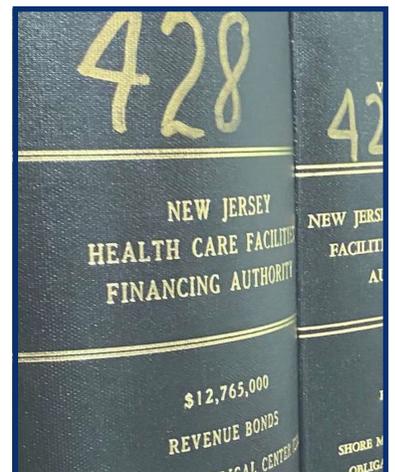


Simple benefits of NJHCFFA's Capital Asset Program (CAP) include:

- ✓ Quickly approved loan applications
- ✓ No required arbitrage rebate
- ✓ Straightforward, uncomplicated terms negotiated directly between the borrower and the credit enhancer.
- ✓ Available funds for certain "bad money" uses
- ✓ Security provided through equipment liens or master indenture notes
- ✓ Standardized documents to help cut down on time and reduce fees

The New Jersey Health Care Facilities Financing Authority. Serving New Jersey's Healthcare Industry since 1972.

Please visit the NJHCFFA website at <https://nj.gov/njhcffa/> for more information



Check out the New Jersey Health Care Facilities Financing Authority's website

FYI

DID

YOU KNOW?

The New Jersey Health Care Facilities Financing Authority's website is an engaging and helpful communications tool that provides visitors with relevant authority-related information and convenient resources.

Whether you're looking for a copy of the Authority's annual report, need an overview of our financing process, or wish to learn more about NJHCFFA's programs and products, you're just one click away!

Visit the Authority's website today and discover how to obtain the information you need quickly and efficiently. Here's our website address:

WWW.NJHCFFA.COM

Authority Reflections: 1979

According to page fourteen of its annual report, 1979 was a landmark year for the New Jersey Health Care Facilities Financing Authority.

"The year 1979 was the Authority's third consecutive record year for the number of bond issues sold. Nineteen new issues were sold for an annual total of \$182,117,200 – the Authority's highest annual dollar volume to date.

The 1979 total increased the cumulative total of bonds sold by the Authority by more than 45 percent to \$580,115,200."

Also, in 1979, the Authority initiated an equipment financing program utilizing the private placement of tax-exempt equipment notes. Equipment financed through the program during its first year included a CAT scanner, a telephone system, and a computer system.

**New Jersey
Health Care
Facilities
Financing
Authority**
**1979
Annual
Report**

NJHCFFA MEMBERS:

Ex-Officio Members

Kaitlan Baston, M.D.

Acting Commissioner
of the N.J. Dept. of Health

Sarah Adelman

Commissioner of Human Services

Justin Zimmerman

Acting Commissioner
of Banking & Insurance

Public Members:

David G. Brown II
Thomas J. Sullivan, Jr.
Bridget Devane, MSW
Sam Maddali



SENIOR STAFF:

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Executive Director

Taryn Rommell

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Investor Relations & Compliance

Ron Marmelstein

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