

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on April 28, 2016 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

*The following **Authority Members** were in attendance:*

Elisa Charters, Vice Chair, Public Member (Chairing); Jessica Feehan, Designee of the Commissioner of Human Services; and, via telephone; Alison Gibson, Designee of the Commissioner of Health; Suzette Rodriguez, Public Member; and, Maryann Kralik, Designee of the Department of Banking and Insurance (joined at 10:21 and left at 10:28)

*The following **Authority staff members** were in attendance:*

Mark Hopkins, Ron Marmelstein, Carole Conover, Michael Ittleson, Carl MacDonald, Bill McLaughlin, Frank Troy, John Johnson, Ellen Lieber; Marji McAvoy, Bernie Miller, Sue Tonry, Nikki Thukral accompanied by her daughter Akanksha and Chris Kniesler

*The following **representatives from the State and/or the public** were in attendance:*

Cliff Rones, Attorney General's Office; Michael Collins, Governor's Authority Unit; John Kelly, Wilentz Goldman & Spitzer; Thomas Baldosaro, Executive Vice President and Chief Financial Officer and David Murray, Vice President Finance, Inspira Health Network; Kay Fern, Evergreen; and Sandra Lane, Health Professionals and Allied Employees;

CALL TO ORDER

Vice Chair Elisa Charters called the meeting to order at 10:06 a.m. and announced that this was a regular Meeting of the Authority, held in accordance with the schedule adopted at the May 28, 2015 Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, notice of this meeting was delivered to all newspapers with mailboxes at the Statehouse, including *The Star-Ledger* and the *Courier Post*, enough in advance to permit the publication of an announcement at least 48 hours before the meeting.

1. APPROVAL OF MINUTES

a. March 24, 2016 Authority Meeting

Minutes for the Authority's March 24, 2016 Authority meeting were distributed for review prior to the meeting. Ms. Charters asked for a motion to approve the minutes. Ms. Feehan made the motion. Ms. Gibson seconded. All Members voted in the affirmative and the minutes were approved.

2. TEFRA HEARING AND CONTINGENT BOND SALE

Inspira Health Network

Ms. Charters announced that the following portion of the meeting was a public hearing in connection with the Inspira Health Network transaction. This hearing is taking place in

accordance with the public notice and approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

Ms. Charters asked Bill McLaughlin to present the details of the Inspira Health Network transaction.

Bill McLaughlin informed the Members that they were being asked to approve a contingent sale of bonds on behalf of the Inspira Health Network Obligated Group (“Inspira”). He then introduced Thomas Baldosaro, Executive Vice President and Chief Financial Officer and David Murray, Vice President Finance from Inspira Health Network.

Mr. McLaughlin stated that Inspira is a 501(c) (3) not for profit organization formed in 2012 by the merger of South Jersey Health System and Underwood Memorial Health System. It is now comprised of three (3) acute care hospitals and four (4) multi-specialty health centers. The hospitals are: Inspira Medical Center Vineland, a 276-bed facility in Cumberland County; Inspira Medical Center Elmer, a 96-bed facility in Salem County; and, Inspira Medical Center Woodbury, a 305-bed facility in Gloucester County.

According to Mr. McLaughlin, the proposed transaction will be at a maximum amount of \$250,000,000 of publicly issued tax-exempt bonds. In addition, the transaction will be structured as a fixed rate financing and will be sold on the basis of Inspira’s credit rating. He stated that Inspira is currently rated A2 by Moody’s Investors Services. Mr. McLaughlin also informed the Members that Inspira is seeking a credit rating from Fitch Ratings. The working group expects confirmation of the Moody’s rating and the initial Fitch rating prior to mailing the preliminary official statement for this transaction.

Mr. McLaughlin said that the proceeds of the proposed transaction are expected to be used to: refund all of the NJHCFFA issued South Jersey Hospital Series 2006 bonds; refund all of the NJHCFFA issued Underwood Memorial Hospital Series 2008 bonds; refund the NJHCFFA issued Variable Rate Composite Program – South Jersey Hospital Inc. Project Series 2004 A-4; refinance the Capital Asset Program loan made to South Jersey Hospital in 2011; fund a debt service reserve fund, if required; and, pay the related costs of issuance.

Mr. McLaughlin stated that John Kelly of Wilentz, Goldman & Spitzer, P.A., the Bond Counsel, would present the Series Resolution pertaining to this transaction. Following Mr. Kelly’s presentation, Mr. Baldosaro, Mr. Murray or he would address any issues or questions the Members may have.

SERIES RESOLUTION

John Kelly of Wilentz, Goldman & Spitzer, P.A., the Bond Counsel, stated that the Series Resolution authorizes the issuance of the tax-exempt Series 2016A Bonds in an aggregate principal amount not in excess of \$250,000,000 which will bear interest at a fixed rate to maturity at a true interest cost not to exceed 6.00% per annum. The Series 2016A Bonds will have a final maturity date of no later than July 1, 2046 and be subject to redemption prior to maturity as set forth therein, provided, that the redemption price cannot be greater than 105%.

The Series 2016A Bonds will be issued for the purposes of: 1) providing monies to refund all of the Authority's outstanding (a) Revenue Bonds (Variable Rate Composite Program–South Jersey Hospital, Inc. Project), Series 2004 A-4, (b) Revenue Bonds, South Jersey Hospital Issue, Series 2006, and (c) Variable Rate Demand Revenue Refunding Bonds, Underwood-Memorial Hospital Issue, Series 2008; 2) repaying and refinancing the remaining outstanding balance of a Capital Asset Program loan made by the Authority to South Jersey Hospital, Inc. in 2011; 3) funding a debt service reserve fund, if required; and, 4) paying the related costs of issuance of the Series 2016A Bonds. The Series 2016A Bonds will be issued under the Authority's General Bond Resolution and this Series Resolution, and will be secured by payments to be made by Inspira Medical Centers, Inc. and Inspira Medical Center Woodbury, Inc., which are the two Inspira entities comprising the Obligated Group, under their Loan Agreement with the Authority, as evidenced and secured by a Promissory Note, and amounts on deposit in certain funds held by the Bond Trustee. The Promissory Note will be issued under a Master Trust Indenture (MTI) by and among the Obligated Group and TD Bank, National Association, as Master Trustee. The Promissory Note will be secured by a gross receipts pledge of the Obligated Group under the MTI.

Additionally, the Series Resolution approves the form of, and authorizes the execution of, the Series 2016A Bonds, the Loan Agreement, and a Preliminary Official Statement and final Official Statement relating to the Series 2016A Bonds. Further, the Series Resolution appoints U.S. Bank National Association as Trustee, Bond Registrar and Paying Agent for the 2016A Bonds. The Series Resolution also authorizes the execution of the Bond Purchase Contract with J.P. Morgan Securities, the senior managing Underwriter, at an underwriting discount (including counsel fees) not in excess of \$6.00 per \$1,000 principal amount of the Series 2016A Bonds. In addition, the Series Resolution also authorizes the Authorized Officers to execute and deliver such other documents and to take such other action as may be necessary or appropriate to effectuate the issuance of the Series 2016A Bonds, the refunding and redemption of the refunded bonds and the repayment and refinancing of the CAP Loan.

Ms. Charters thanked Mr. McLaughlin and Mr. Kelly for their presentations and asked if there were any comments or questions from the Authority Members or the public regarding the TEFRA hearing for Inspira Health Network. There were no questions or comments.

Ms. Charters asked for a motion to approve the Series Resolution authorizing the issuance of the revenue and refunding bonds on behalf of Inspira Health Network. Ms. Feehan made the motion. Ms. Gibson seconded. Ms. Charters abstained. Ms. Gibson, Ms. Feehan and Ms. Rodriguez voted in the affirmative.

At this time Deputy Attorney General asked Ms. Charters the reason for her abstention. Ms. Charters replied that her husband works in the high-yield bond section of J.P. Morgan Securities, the senior managing underwriter for the transaction. Mr. Ronen then asked if she actually meant to recuse, rather than abstain. After a brief discussion, it was determined that Ms. Charters should recuse herself from the vote on the Inspira Health Network transaction.

Mr. Ronces then explained that, with Ms. Charters' recusal, there was not a quorum and, therefore, the vote on the transaction did not pass. Ms. Charters then left the room and Authority Member Maryann Kralik joined the meeting by telephone at 10:21 a.m.

Mr. Hopkins summarized the actions and suggested that Ms. Feehan, the only Member in the room serve as Chair pro tem, and that the Inspira Health Network TEFRA hearing and contingent bond sale resolution be presented again.

Ms. Feehan asked Bill McLaughlin to present the details of the Inspira Health Network transaction.

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Following the presentations, Ms. Feehan asked if the Members or Public had any questions. There were none.

Ms. Feehan then asked for a motion to approve the Series Resolution authorizing the issuance of the revenue and refunding bonds on behalf of Inspira Health Network. Ms. Gibson made the motion and Ms. Rodriguez seconded. Ms. Feehan, Ms. Gibson, Ms. Kralik and Ms. Rodriguez all voted in the affirmative and the motion passed.

AB RESOLUTION NO. PP-58

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Series Resolution entitled, “NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REFUNDING BONDS, INSPIRA HEALTH OBLIGATED GROUP ISSUE, SERIES 2016A.

(attached)

Ms. Feehan then closed the public hearing in accordance with the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

Mr. Baldosaro thanked the Authority Members and the Staff and said the he looked forward to working with them on the transaction.

Ms. Charters reentered the room at 10:24 a.m.

3. ADOPTION OF RESOLUTION AUTHORIZING THE EXECUTION OF DOCUMENTS IN CONNECTION WITH THE DEFEASANCE OF A PORTION OF THE ST. MICHAEL’S BONDS

Ms. Charters asked Mark Hopkins to bring the Members up to date on the St. Michael’s bankruptcy and sale and explain the need for the resolution.

Mr. Hopkins informed the Members that St. Michael’s Medical Center (“St. Michael’s”) has entered into an Asset Purchase Agreement with Prime Healthcare Services (“Prime”). The sale has been approved by the bankruptcy court. The Certificate of Need for the transaction was approved by the Commissioner of Health on March 7, 2016. The superior court approved the transaction pursuant to the Community Healthcare Assets Protection Act on April 7, 2016. St. Michael’s and Prime are hoping to close the transaction early May.

Mr. Hopkins reported that, in July of 2008, the New Jersey Health Care Facilities Financing Authority (the “Authority”) issued \$252,545,000 of tax-exempt bonds on behalf of St. Michael’s. As of March 31, 2016, \$223,880,000 of the bonds remains outstanding.

According to Mr. Hopkins, pursuant to the Authority’s Hospital Asset Transformation Program, the bonds were backed by a contract with the Treasurer of the State of New Jersey to pay principal and interest on the bonds when due, subject to appropriation by the legislature. At the time, the State agreed to pay debt service on the bonds of up to \$75 million during the first 4.5

years, contingent on St. Michael's meeting some conditions. After that period, St. Michael's was expected to make full debt service payments. The Authority entered into a Loan Agreement requiring, inter alia, that after the initial \$75 million, an amount equal to the principal and interest on the bonds be paid to the Authority by St. Michael's. The Hospital also provided the Master Trustee with a Mortgage to secure the Loan Agreement.

In addition, Mr. Hopkins stated that the State paid \$58,300,705 of St. Michael's debt service payments from the General Fund through October of 2012. From October of 2012 through April 1, 2015, the State used unused construction funds from the Unexpected Excess Proceeds Account to pay debt service on the bonds. As of April 1, 2015, a total of \$48,795,595 was drawn down from the Unexpected Excess Proceeds Account; St. Michael's paid the remaining debt service due on April 1, 2015 in the amount of \$1,001,267. Thereafter, St. Michael's made a total of \$7,255,037 in four monthly debt service payments from April through July 2015. St. Michael's declared bankruptcy on August 10, 2015.

Mr. Hopkins also reported that Prime revised its Asset Purchase Agreement in the bankruptcy auction process and has agreed to pay \$62,247,750 million for the hospital, subject to some adjustments. The purchase price is subject to bankruptcy adjustments for a parking lot not subject to the Authority's mortgage and to claims by the Unsecured Creditors Committee and to administrative claims in bankruptcy. Upon receipt of the amount due to the Authority from the purchase price, in order to maintain the tax-exempt status of the bonds that will remain outstanding, the Authority must use the amount received from the sale to defease a similar portion of bonds.

Mr. Hopkins explained that, upon receipt of the payment, the Authority plans to deposit the funds into an escrow account that will be used to defease a portion of the tax-exempt bonds pro rata by maturity. In order for the sale to proceed, the Authority will need to terminate the Loan Agreement and release the Mortgage as well as provide a Letter of Instructions to the Trustee. The resolution provided to the Members in their meeting packets authorizes and directs an Authorized Officer of the Authority to execute the attached drafts of the Termination of the Master Indenture, Termination of Loan Agreement and Note, the Tax Certificate and the Letter of Instructions as well as other documents incidental to the transaction, such as the release of the mortgage and other security release documents, as well as to appoint Grant Thornton as Verification Agent

Mr. Hopkins then offered to answer the Members' questions. There were none.

Ms. Charters asked for a motion to authorize the execution of documents for the defeasance of a portion of the St. Michael's bonds. Ms. Feehan made the motion. Ms. Gibson seconded. The vote was unanimous and the motion passed.

AB RESOLUTION NO. PP-59

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled “A RESOLUTION AUTHORIZING THE EXECUTION OF DOCUMENTS IN CONNECTION WITH THE DEFEASANCE OF A PORTION OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY STATE CONTRACT BONDS (HOSPITAL ASSET TRANSFORMATION PROGRAM), ST. MICHAEL’S HOSPITAL SERIES 2008A, AND MATTERS RELATED TO THE TAX STATUS OF THE PORTION OF SUCH BONDS TO REMAIN OUTSTANDING.”

(attached)

Ms. Kralik left the meeting at 10:28 a.m.

4. RECOMMENDATION TO APPROVE THE AUTHORITY OFFICE LEASE Drei Holdings, LLC

Ms. Charters called upon Ron Marmelstein to give the Members an overview of the lease renewal process and Staff’s recommendation.

Mr. Marmelstein reminded the Members that the Authority has leased the space at 22 South Clinton Avenue since 1986. The current lease, through the first addendum, is due to expire this September. According to Mr. Marmelstein, the Authority staff did an extensive amount of research, comparing office rental space throughout the Mercer County area. The findings revealed rates as low as \$21.50 per square foot and as high as \$46 per square foot.

Mr. Marmelstein stated that Staff has held discussions with the current landlord, Drei Holdings, LLC (“Drei”). As a result, Drei has agreed to renew the Authority’s lease for an additional 10 years. The first five (5) years of the lease will be at the current base rent of \$21.25 per square foot, commencing on September 24, 2016 and ending on September 23, 2021. The final five (5) years of the lease will be at \$23 per square foot and will commence on September 24, 2021 and end on September 23, 2026.

Mr. Marmelstein reported that the lease renewal has the same terms and conditions in the lease as the first addendum, but has been modified to include that either party can provide written notice to the other of cancellation no later than 180 days prior to September 23, 2021 and that the tenant shall have the right to assign or sublease its lease interest in the demised premises to another instrumentality of the state of New Jersey.

According to Mr. Marmelstein, Drei has also agreed to make a number of improvements such as replacing the carpet, painting throughout, upgrading the restrooms, and a number of other items. In addition, the Attorney General's office has reviewed the second addendum and has no objection to the Authority's consideration of this matter.

Mr. Marmelstein concluded by telling the Members that Staff recommends the approval of Drei's proposed second addendum and asks for the approval to allow an authorized officer of the Authority to enter into the addendum.

Mr. Marmelstein then offered to answer any questions from the Members.

Ms. Charters asked for a motion to approve the recommended lease renewal on the Authority's office space. Ms. Feehan made the motion. Ms. Gibson seconded. The vote was unanimous and the motion passed.

AB RESOLUTION NO. PP-60

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves entering into the second addendum extending the lease with Drei Holdings, LLC for the Authority's 22 South Clinton Avenue office at \$21.25 per square foot for the first five years and \$23.00 per square foot for the last five years; and, authorizes the Executive Director to execute the second addendum in the form presented today.

Mr. Hopkins thanked Ms. Charters for using her expertise in real estate to assist the staff in the lease renewal process.

5. ADOPTION OF A NEW SAFE DEPOSIT BOX AGREEMENT

Ms. Charters asked Ellen Leiber to present the details of the new safe deposit box lease agreement with TD Bank.

Ms. Leiber reported that the Authority maintains an off-site safe deposit box at TD Bank as part of the Authority's disaster recovery and business continuity plan. The box is primarily used to store the daily tape backups of data and information on the Authority's computer servers. If there were ever an event where the Authority's offices were uninhabitable and/or the computers were damaged, the tapes would enable the Authority to get back up and running at a new location.

Ms. Lieber informed the Members that Michael Ittleson, Emmerson Sullens, Maria Kinney and Taryn Brzdek are on the current contract. Mr. Sullens has retired and Mr. Ittleson is retiring on

July 1, 2016, therefore a change is required. Ms. Leiber asked that the Members authorize the Authority's new Network Administrator, John Johnson and herself to be added to the contract in place of Mr. Ittleson and Mr. Sullens.

Ms. Charters asked the Members' pleasure with respect to the adoption of the Resolution approving the new lease agreement for the safe deposit box. Ms. Feehan made the motion. Ms. Gibson seconded. The vote was unanimous, and the motion carried.

AB RESOLUTION NO. PP-61

WHEREAS, the Members of the Authority have reviewed the memorandum dated April 20, 2016 regarding the new lease for the Authority's safe deposit box;

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby approve the new safe deposit box lease with TD Bank as proposed.

6. AUTHORITY EXPENSES

Ms. Charters referenced a summary of Authority expenses and invoices provided to the Members. Ms. Feehan offered a motion to approve the bills and to authorize their payment. Ms. Gibson seconded the motion. All Members voted in the affirmative and the motion carried.

AB RESOLUTION NO. PP-62

WHEREAS, the Members of the Authority have reviewed the memoranda dated April 20, 2016, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of \$2,040.00 and \$ 21,837.72 respectively, and have found such expenses to be appropriate;

NOW, THEREFORE, BE IT RESOLVED, that the Members of the Authority hereby approve all expenses as submitted, and authorize the execution of checks representing the payment thereof.

7. STAFF REPORTS

Ms. Charters thanked Staff for the Project Development Summary, Cash Flow Statement, First Quarter Budget Report and Legislative Advisory reports.

Ms. Charters then asked Executive Director Hopkins to present his Executive Director's report.

Mr. Hopkins then presented the following items to Members:

1. Authority Members and Senior Staff are reminded that they are required to file Financial Disclosure Statements with the State Ethics Commission by no later than May 15, 2016. Filings must be made electronically through the State Ethics Commission website. Late filers will be subject to a fine of up to \$50 per day. Authority Members are required to file the somewhat less onerous disclosure for Public Officers (not Public Employees). If the Members have any questions about the process please do not hesitate to call Mr. Hopkins or Robin Piotrowski, the Authority's Ethics Liaison Officer.
2. Authority Members are also directed to the blank slate of officers and suggested meeting dates provided in their meeting packets. The Authority Members will be asked to elect officers and vote on meeting dates at our annual meeting next month.
3. Audit Committee Members, Ms. Gibson, Ms. Kralik and Mr. Feeney, are reminded that there is an Audit Committee meeting scheduled for May 10, 2016 at 10:00 a.m. to discuss the Authority's 2015 audit with the auditors, in accordance with the requirements of Executive Order #122 (McGreevey).
4. Earlier this month the Authority auctioned off its 2007 Prius with 102,767 miles for \$5,850. It was picked up on Monday by the purchaser. The Authority now owns only two vehicles: one for use by the Construction Compliance Officer and a pool car.
5. Hospital & Other News:
 - a. Robert Wood Johnson Health System and Barnabas Health completed their merger on March 31, 2016. The new entity, known as RWJBarnabas Health, will have 11 hospitals, 32,000 employees and 9,000 physicians. Barry Ostrowsky will be the CEO, former RWJ CEO Stephen Jones will be the Chief Academic Officer, Amy Mansue will be the head of the southern division and taking her place as CEO of Children's Specialized Hospital will be Warren Moore. Former COO, Michael Antoniadis has been named as the President and CEO of Robert Wood Johnson University Hospital in New Brunswick and Somerset. Jessie Tucker III has been named the Senior Vice President and COO of Robert Wood Johnson University Hospital in New Brunswick. Mr. Tucker was formerly chief administrator of the Lyndon B. Johnson General Hospital in Houston, he also served 24 years with the Army and retired as a Lieutenant Colonel, where he served as chief operating officer of several Army medical centers.

- b. On April 1, 2016 Hackettstown Regional Medical Center officially became part of Atlantic Health System.
- c. On April 7, 2016, a State Superior Court Judge approved the sale of St. Michael's Medical Center. We expect the transfer to take place on or around May 1, 2016. We await the completion of the sale to determine the Authority's next step in bankruptcy.
- d. The Village of Ridgewood Planning Board approved changes to the Village Master Plan to allow Valley Hospital to reconstruct its hospital on its current site. The Ridgewood Village Counsel must also approve the plan before Valley can start construction. The plan has been subject to heated debate in Ridgewood for a decade.
- e. Rutgers University announced "Rutgers Health" – a clinical arm of the University that will serve as the brand for all existing Rutgers patient services. Rutgers Health will include 1,000 health care practitioners and the School of Pharmacy, Applied and Professional Psychology, the New Jersey Medical School, the Robert Wood Johnson School of Medicine, Rutgers Cancer Institute of New Jersey, Rutgers School of Dental Medicine, the School of Health Related Professions, the Schools of Nursing, the School of Social Work, University Behavioral Health Care and the Health Services for Rutgers students. It plans to capitalize on Rutgers existing relationships with University Hospital and Robert Wood Johnson University Hospital and hopes to expand into a relationship with RWJ Barnabas Health.
- f. JFK Population Health is starting an Accountable Care Organization with United Healthcare. The focus will be on value-based care and to ensure chronic diseases are identified and treated to avoid unnecessary or redundant care plans for patients.
- g. University Hospital announced a value-based care collaborative with Horizon Blue Cross Blue Shield of New Jersey. Seeking to improve the well-being of residents of Newark and the surrounding area, the collaborative will initially focus on expectant mothers and maternity care.
- h. Hackensack University Medical Center is expanding the role of Michael Sparta, who has been its Executive Vice President and Chief Population Health Officer. He now adds the title of Chief Operating Officer. Mr. Sparta had served as Interim CEO at HUMC Pascack and has been with the system for over 25 years.
- i. Several municipalities recently joined about two dozen others in starting to pursue property tax cases against non-profit hospitals, including: Englewood against Englewood Hospital and Medical Center, Paterson against St. Joseph's Regional Medical Center, Teaneck against Holy Name Medical Center and Wayne against St. Joseph's Wayne Hospital.

- j. The latest Leapfrog Group Hospital Safety Scores were released earlier this month. The scores for New Jersey hospitals showed some slippage from the last semi-annual report due partially to a change in scoring methods. An article about the report along with the scores is being provided today. Mr. Hopkins said that there are several other surveys out there and encouraged the Members to look at all of them to get a more accurate view.

- k. Other articles being provided today about New Jersey health care include:
 - i. Hackensack University Medical Center teaming up with Uber to provide rides for patients who have transportation as an obstacle to care;
 - ii. the secret of health care pricing as told by Michael Maron, CEO of Holy Name Medical Center;
 - iii. Atlantic Health System's CEO Brian Gragnolati's discussion of the role innovation plays in health care;
 - iv. continued examination by the legislature of Horizon's Omnia tiered health insurance plan and other tiered plans;
 - v. Governor Christie's efforts to integrate behavioral and physical health care and how bureaucracy and regulations can stall integration;
 - vi. a panel on how health care and real estate interact;
 - vii. a summit on key challenges facing the health care system;
 - viii. how documented charity care has fallen at New Jersey hospitals, as a result of Medicaid Expansion, but bad debt has increased, as a result of more high-deductible health plans; and,
 - ix. how health care coverage in New Jersey has changed in the six years since the start of the Affordable Care Act, including 700,000 newly insured New Jersey residents.

- l. National health care news articles being provided today include:
 - i. the trend in big hospital system mergers and how they sometimes fail to deliver;
 - ii. a study that indicates that those who acquired insurance on the Affordable Care Act's health insurance exchanges are just as likely to get an annual checkup as someone who has employer-provided health insurance and much more likely to get an annual checkup than those who are uninsured;

- iii. despite all the discussion of population health management, a recent survey of health care executives, clinicians and clinical leaders undervalue it, identifying mental and behavioral health as a higher priority;
- iv. hospital trustees, who are averse to the risk and the high initial cost, need to start cooperating with population health management;
- v. health care continues to be a big contributor to new jobs in the United States;
- vi. the success of Medicare's Quality Improvement Organizations;
- vii. Medicare's readmission reduction goals are not being met despite improvements from intervention;
- viii. 60 Senators are urging CMS to delay the release of its hospital star ratings for hospital quality, citing concerns about insufficient transparency in methodology and the failure to adjust for low-income and disadvantaged patients;
- ix. advances in value-based payments among an alliance of providers with the goal of eventually putting 75 percent of their members in a value-based care arrangement by 2020;
- x. CMS has agreed to stop the imposition of an inpatient payment cut to hospitals under the two-mid-night rule, which required patients to stay in the hospitals for two mid-nights for the hospital to be considered eligible for the higher inpatient reimbursement from Medicare;
- xi. CMS is offering providers who have entered into bundled care arrangements an extension to participate in the program for another two years beyond the planned end date of September 2016;
- xii. concerns that CMS penalties for hospital acquired conditions are unfairly punishing academic medical centers for being vigilant;
- xiii. CMS proposes raising Medicare rates for skilled-nursing facilities, inpatient rehabilitation facilities and hospice services;
- xiv. a discussion of whether hospitals, insurers and pharmaceutical companies are better or worse off than three years ago;
- xv. UnitedHealth Group's exit from most Affordable Care Act health insurance exchanges as a result of financial losses; and,

- xvi. a report showing that hospital-owned health plans are gradually increasing.
- m. In national municipal bond legal and regulatory news, articles are included on:
 - i. The Securities and Exchange Commission plans to increase coordination with the Department of Justice and the FBI on the enforcement of municipal bond laws and regulations, particularly with regard to public corruption and pay-to-play;
 - ii. the Securities Industry and Financial Markets Association has asked the SEC to update and modernize its disclosure rules under Rule 15c2-12 and to share some of the obligations thereunder with municipal advisors;
 - iii. the MSRB has issued a concept release asking whether it should require municipal advisors to disclose information about bank loans or privately placed municipal securities of their issuer clients;
 - iv. since the SEC's Municipalities Continuing Disclosure Cooperation initiative in 2014 disclosure on municipal securities has improved;
 - v. the Federal Reserve has released a rule allowing more municipal securities to be considered High Quality Liquid Assets under the liquidity requirements for large financial institutions, but revenue bonds like those issued by the Authority do not qualify as HQLAs; and,
 - vi. two house members have submitted bills to the House Ways and Means Tax Policy Subcommittee which would drastically change the tax code and would result in an increase in the price of municipal bonds.
- n. Mr. Hopkins mentioned that he added an additional article from NJBIZ regarding how the operating margins of not-for-profit hospitals will impact the property tax discussion. This is the first of a three-part series.

6. Authority News

- a. Bill McLaughlin will be promoted from the position of Assistant Director of Project Management to Director of the Division of Project Management effective May 2, 2016.
- b. Frank Troy will be promoted from the position of Assistant Director of Research and Compliance to the Director of the Division of Research, Investor Relations and Compliance, also effective May 2, 2016. A new Authority organization chart is being provided today.

- c. Mr. Hopkins plans to post the position of Assistant Director of Research and Compliance, being vacated by Frank Troy, next week along with the position of Controller to replace Michael Ittleson, who is retiring June 30.
- d. This week is Administrative Professionals' week. Mr. Hopkins, the Authority Members and staff want to acknowledge all the hard work of the Authorities Administrative Professionals: Taryn Brzdek, the Administrative Assistant for the Division of Operations, Finance and Special Projects; Tracey Cameron, the Administrative Assistant for the Divisions of Project Management and Research, Investor Relations and Compliance; Maria Kinney, the Office Management Assistant, all working under the supervision of Carole Conover, Mr. Hopkins' Executive Assistant and the Office Manager. They do extraordinary things to make our work easier and our days brighter.

Ms. Charters congratulated Mr. McLaughlin and Mr. Troy on their promotions and thanked Mr. Hopkins for his detailed report.

Hearing no further business, following a motion by Ms. Feehan and a second by Ms. Gibson, the Members voted unanimously to adjourn the meeting at 10:49 a.m.

I HEREBY CERTIFY THAT THE FOREGOING
IS A TRUE COPY OF MINUTES OF THE NEW
JERSEY HEALTH CARE FACILITIES
FINANCING AUTHORITY MEETING HELD
April 28, 2016.

Carole A. Conover, Assistant Secretary