

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on March 22, 2018 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

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

Robin Ford, Designee of the Commissioner of Health; Greg Lovell, Designee of the Department of Human Services; and via telephone, Dr. Munr Kazmir, Vice Chair; Maryann Kralik, Designee of the Commissioner of the Department of Banking and Insurance; and Suzette Rodriguez, Public Member

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

Mark Hopkins, Frank Troy, Ron Marmelstein, Carole Conover, Bill McLaughlin, Marji McAvoy, Jessica Lucas, John Johnson, Michael Solidum, Bernie Miller and Chris Kniesler

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

Cliff Rones, Attorney General's Office; Alan Oberman, Chief Executive Officer and John Pallies, Chief Financial Officer, John Brooks Recovery Center; Bill Mayer, DeCotiis, FitzPatrick, Cole & Giblin, LLP; Richard Smith, Senior Vice President and Chief Financial Officer, Community Hospital Group; Mike Albanese, TD Bank

## **CALL TO ORDER**

Executive Director Mark Hopkins called the meeting to order at 10:04 a.m. and announced that this was a regular Meeting of the Authority, held in accordance with the schedule adopted at the May 26, 2016 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.

Mr. Hopkins recommended that in the absence of the Chair and the fact that the Vice Chair was participating by telephone, that a Chair pro tem be named. Mr. Lovell nominated Robin Ford to serve as Chair pro tem for the March 22, 2018 meeting and Dr. Kazmir seconded. Mr. Hopkins called for a vote. All Members voted in the affirmative and the motion carried.

### **1. APPROVAL OF MINUTES**

#### **February 22, 2018**

Minutes for the Authority's February 22, 2018 meeting were distributed for review and approval prior to the meeting.

Ms. Ford asked for a motion to approve the minutes of the February 22, 2018 Authority meeting. Dr. Kazmir made the motion. Mr. Lovell seconded. Ms. Ford asked if the Members had any questions on the motion. There were no questions. Ms. Ford called for a vote. All Members voted in the affirmative and the minutes were approved.

## **2. CAPITAL ASSET PROGRAM LOAN**

### **John Brooks Recovery Center**

Ms. Ford asked Jessica Lucas to present the request for a Capital Asset Program Loan by John Brooks Recovery Center as well the Debt Service Deficiency Agreement.

Ms. Lucas began by introducing Alan Oberman, Chief Executive Officer and John Pallies, Chief Financial Officer from John Brooks Recovery Center.

Ms. Lucas informed the Members that they were being asked to consider the approval of a Capital Asset Program Loan in an aggregate principal amount not to exceed \$11,000,000. The proceeds of the loan will be used by John Brooks Recovery Center to partially finance the construction of a new 55,000 square foot in-patient abuse rehabilitation facility located in Mays Landing, New Jersey.

Ms. Lucas said that John Brooks Recovery Center is a nonprofit agency that provides substance abuse services at facilities located in Pleasantville and Atlantic City, New Jersey. Their mission is to provide quality, scientifically based, individualized substance abuse treatment services to New Jersey residents for the prevention, reduction and elimination of the harm caused by substance abuse.

Ms. Lucas reminded the Members that TD Bank, National Association is the credit provider for the Capital Asset Program. TD Bank performed an independent credit analysis. TD Bank approved the loan provided that: John Brooks Recovery Center provides a First Mortgage Lien on the property and property improvements and the UCC-s are filed on all assets. Additionally, at the onset of the loan, a Debt Service Deficiency Agreement is structured between the Authority and the Trustee in the amount of \$2,000,000 and that the Agreement would be secured by a Second Mortgage on the property.

According to Ms. Lucas, the Authority, for the first time, is agreeing to provide additional security for a Capital Asset Program Loan by depositing \$2,000,000 of its fund balance into a Debt Service Deficiency Fund held by the Trustee. The Debt Service Deficiency Agreement is structured so, that if the Borrower fails to make principal and interest installments within a defined time frame, the Trustee will withdraw the unpaid amount from this separate fund. It is important to note the Debt Service Deficiency Agreement amount will be reduced in installments annually of \$150,000 one year after the conclusion of the 18-month interest-only period – 30 months. The amount on deposit in the fund will be reduced to \$0 upon the Borrower maintaining a minimum Debt Service Coverage Ratio of 1.5x for three (3) consecutive annual test dates commencing after the foregoing reduction. Any balance remaining in the Debt Service Deficiency Fund upon the satisfaction of the Note shall be transferred to the Authority as directed by an Authorized Officer of the Authority. Investment earnings of the Debt Service Deficiency Fund shall be invested and reinvested in Investment Securities at the direction of an Authorized Officer of the Authority. All interest, income and profits received in respect to those securities shall be transferred to the Authority on the last business day of each quarter or as otherwise directed by an Authorized Officer of the Authority.

Ms. Lucas stated that staff received an application from John Brooks along with historical audited and interim financial information. As a matter of due diligence, staff reviewed the application for completeness and compared information in the application to audited financial statements.

Ms. Lucas concluded by saying that Frank Troy, Director of Research, Investor Relations, and Compliance would present a summary of the financial analysis completed. Ms. Lucas also told the Members that, following his presentation, Bill Mayer, Bond Counsel on this transaction, Alan Oberman, John Pallies or she would be happy to answer any questions the Members may have.

Mr. Troy told the Members that John Brooks Recovery Center (or John Brooks) is a comprehensive, multi-site addiction treatment provider. John Brooks was founded in 1969 with a primary mission to provide quality treatment for minority, indigent drug abusers within the area of Atlantic City and now provides inpatient and outpatient services to clients from all over the State. Approximately 50% of referrals to its residential program come from the New Jersey Drug Court or the Department of Justice.

According to Mr. Troy, John Brooks receives a number of federal and state grants related to the treatment and prevention of substance abuse. The proposed project has also received financial support from the Casino Reinvestment Development Authority.

Mr. Troy directed the Members to the following documents provided in their meeting packets:

- John Brooks' audited financial statements for the year ended June 30, 2017;
- Historical balance sheets;
- Actual and projected statements of operations through fiscal 2022; and
- Actual and projected operating margin and debt service coverage ratios.

Mr. Troy stated that, with respect to the 2017 audit, John Brooks received an unqualified or clean opinion. Additionally, John Brooks' operations have benefitted from the State's focus on substance abuse and the significant increases in State reimbursement rates of 20% to as much as 50%. The program service fee revenue, which is equivalent to a hospital's net patient service revenue, almost doubled compared to fiscal 2016 due to increased volume and the enhancements to reimbursement. Net assets increased approximately \$1.9 million. Moreover, the balance sheets presented show increases in cash balances, stable receivables and increased unrestricted net assets.

Mr. Troy also explained that the projected statements of operations provided by John Brooks assume the following:

- Management has conservatively assumed no increase in volumes or payor rates in their projections;
- Management has assumed 1.5% expense inflation during the forecast period; and

- Interest expense is based on an annual average rate of 5.50%. The current CAP program rate is 4.06%.

Mr. Troy concluded by saying that the Authority staff's financial analysis suggests John Brooks will have adequate profitability to generate sufficient funds to meet its debt service obligations. In addition, the projected debt service coverage ratios during the forecast period exceed the bank's requirement of 1.30.

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

Ms. Ford asked for a motion to approve the resolution authorizing the Capital Asset Program Loan and Debt Service Deficiency Agreement for John Brooks Recovery Center. Dr. Kazmir made the motion. Mr. Lovell seconded. Ms. Ford asked if there were any questions on the motion. There were no questions. Ms. Ford called for a vote. All Members voted in the affirmative and the motion passed.

### **AB RESOLUTION NO. RR-41**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled "**RESOLUTION APPROVING CAPITAL ASSET LOAN TO JOHN BROOKS RECOVERY CENTER AND APPROVING A LOAN AGREEMENT AND A DEBT SERVICE DEFICIENCY AGREEMENT BY THE AUTHORITY.**"

*(attached)*

Alan Oberman, Chief Executive Officer of John Brooks Recovery Center, thanked the Authority Members and staff for their efforts. He stated that the relocation project started in 2007 with the help of the Casino Reinvestment Development Authority but that the Authority CAP Loan was the final piece required to complete the move. He specifically thanked Mark Hopkins and Frank Troy as well as Mike Albanese from TD Bank their work on the project.

### **3. NEGOTIATED SALE AND CONTINGENT BOND SALE REQUEST Community Hospital Group, Inc. d/b/a JFK Medical Center**

Ms. Ford called upon Bill McLaughlin to provide the Members with the details of the negotiated bond sale request and the contingent bond sale request on behalf of the Community Hospital Group, Inc. d/b/a JFK Medical Center.

Mr. McLaughlin began by introducing Richard Smith, Senior Vice President and Chief Financial Officer of Community Hospital Group, Inc. d/b/a JFK Medical Center

Mr. McLaughlin informed the Members that, in support of the merger between JFK and Hackensack Meridian Health, the outstanding debt of JFK is being moved under the established Hackensack Meridian Health Obligated Group Master Trust Indenture. He explained that the Outstanding JFK Assisted Living Facility, Series 2001 Bonds are being currently refunded in order to recognize the issuance of substitution of the JFK Assisted Living, Inc. Note and Mortgage security with new promissory notes issued under the Hackensack Meridian Health Obligated group Master Trust Indenture. In addition, it is necessary in order to conform the financial covenants to mirror those utilized in the Authority's Series 2017 tax-exempt transaction.

According to Mr. McLaughlin, this transaction is expected to include the sale of bonds under the development of a complex financing structure and volatile market conditions. These reasons are considered under the Authority's policy regarding Executive Order #26, to be justifications for the use of a negotiated sale. As justification for a private placement form of negotiated sale, JFK pointed to the time sensitive nature of the transaction because any delay would adversely affect the incorporation of JFK into the Hackensack Meridian Health Obligated Group.

Mr. McLaughlin stated that the Authority staff recommends the consideration of the resolution provided in their meeting packets that approves the use of a negotiated sale in the form of a private placement and authorizes the forwarding of the justification in support of said resolution to the State Treasurer.

Mr. McLaughlin then told the Members that they were also are being asked to approve a contingent sale of the Authority's JFK Assisted Living Issue, Series 2018A to refund the Series 2001 Bonds and pay related costs of issuance.

Mr. McLaughlin then said that the Attorney General's Office has assigned John Kelly of Wilentz, Goldman & Spitzer to serve as Bond Counsel on this transaction. He concluded by saying that he, Mr. Kelly and Mr. Smith would answer any questions the Members had after Mr. Kelly's presentation.

Mr. McLaughlin then turned the meeting over to Mr. Kelly to present the contingent bond sale resolution.

## **BOND RESOLUTION**

John Kelly of Wilentz, Goldman & Spitzer P.A., Bond Counsel, stated that the Bond Resolution authorizes the issuance of tax-exempt Series 2018A Bonds to TD Bank, N.A. in an aggregate principal amount not in excess of \$6,305,566 in exchange for TD Bank delivering the Series 2001 Bond to the Series 2001 Bond Trustee for cancellation and extinguishment.

The Resolution provides that, except as otherwise set forth in the Trust Agreement, the Series 2018A Bonds shall mature on the same date or dates in each of the same years and in the same principal amounts as the Series 2001 Bond matures, bear interest at the same rate or rates as the Series 2001 Bond bears interest, and be subject to redemption prior to maturity on the same

terms and conditions as the Series 2001 Bond is subject to redemption, as shall be set forth in the Trust Agreement.

The Series 2018A Bonds will be secured by payments made by JFK Assisted Living, Inc. (“JFKAL”) Facilities under a Loan Agreement with the Authority. The obligations of the JFKAL under the Loan Agreement with the Authority will be evidenced and secured by a Promissory Note issued by the Hackensack Meridian Health pursuant to the provisions of a Master Trust Indenture and by amounts on deposit in certain funds held by the Bond Trustee pursuant to the Trust Agreement.

Additionally, the Bond Resolution approves the form of and authorizes the execution and delivery of (i) the Series 2018A Bond, (ii) the Trust Agreement for the Series 2018A Bonds and (iii) the Loan Agreement for the Series 2018A Bonds. Further, the Bond Resolution appoints TD Bank, National Association, as Bond Trustee, Bond Registrar and Paying Agent for the Series 2018A Bonds. In addition, the Bond Resolution also authorizes the Authorized Officers of the Authority to execute and deliver such other documents and to take such other action as may be necessary or appropriate to effectuate the execution and delivery of the Trust Agreement, the Loan Agreement and Bond Exchange Agreement relating to the exchange of the Series 2018A Bonds for the Series 2001 Bond, the completion of the exchange and the issuance and sale of the Series 2018A Bonds.

Further, the Bond Resolution waives any actual or potential default arising under the Series 2001 Loan Agreement and authorizes the Security Substitution necessary to effectuate the transaction.

Ms. Ford asked for a motion to approve the resolution authorizing the use of a negotiated sale in the form of a private placement on behalf of JFK Assisted Living Facility. Dr. Kazmir made the motion. Mr. Lovell seconded. Ms. Ford asked if there were any questions on the motion. There were no questions. Ms. Ford called for a vote. All Members voted in the affirmative and the motion passed.

#### **AB RESOLUTION NO. RR-42**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled “**RESOLUTION OF INTENT TO ISSUE REFUNDING BONDS BY NEGOTIATED SALE TRANSACTION PURSUANT TO EXECUTIVE ORDER NO. 26.**”

*(attached)*

Ms. Ford then asked for a motion to approve the Bond Resolution authorizing a contingent bond sale on behalf of JFK Assisted Living Facility. Dr. Kazmir made the motion. Mr. Lovell seconded. Ms. Ford asked if there were any questions on the motion. There were no questions. Ms. Ford called for a vote. All Members voted in the affirmative and the motion passed.

## AB RESOLUTION NO. RR-43

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby approves the Series Resolution entitled **“A RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REFUNDING BONDS, JFK ASSISTED LIVING FACILITY ISSUE, SERIES 2018A.”**

*(attached)*

Mr. Smith thanked the Authority for the approvals.

#### **4. RATIFYING THE AMENDMENT TO THE CONTRACT FOR PROFESSIONAL CONSULTING SERVICES New Solutions, Inc.**

Ms. Ford asked Executive Director Mark Hopkins to explain to the Members the need for ratifying the amendment to the professional consulting services contract.

Mr. Hopkins reported that, New Solutions, Inc., the consultant who has been performing an organizational assessment and review of the State’s four psychiatric hospitals, pursuant to a Contract for Professional Consulting Services with the Authority, had some minor delays in receiving some of the information needed to complete its engagement. As a result, the Consultant asked for a one-week extension of its original deadline to deliver a report to him and the Commissioner of Health, from March 1, 2018 to March 8, 2018.

Mr. Hopkins stated that the Department of Health personnel overseeing the engagement and he believed the extension was justified. According to Mr. Hopkins, the request for an extension was received the evening of Sunday, February 25, 2018, and that it needed to be acted upon prior to March 1, 2018. Mr. Hopkins informed the Authority Members by email on Tuesday, February 27, 2018 of his intent to execute the Amendment to the Contract for Professional Consulting Services (the “Amendment”), which extended the deadline to March 8, 2018. Mr. Hopkins also informed the Authority Members that he would seek ratification of his actions at the Authority meeting on March 22, 2018. Mr. Hopkins heard no objections to his executing the Amendment therefore, he and the Consultant executed the Amendment.

Mr. Hopkins asked the Authority Members to ratify his execution of the Amendment.

Mr. Hopkins then offered to answer any question from the Members.

Mr. Lovell asked if, after receiving the one (1) week extension, New Solutions, Inc. delivered their report. Mr. Hopkins replied that a draft was submitted on March 8<sup>th</sup> and was currently under review.

Ms. Ford then asked for a motion to ratify the amendment to the contract for professional consulting services. Dr. Kazmir made the motion. Mr. Lovell seconded. Ms. Ford asked if there were any questions on the motion. There were no questions. Ms. Ford called for a vote. All Members voted in the affirmative and the motion passed.

#### **AB RESOLUTION NO. RR-44**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled “**RESOLUTION RATIFYING THE AMENDMENT TO THE CONTRACT FOR PROFESSIONAL CONSULTING SERVICES AS EXECUTED.**”

*(attached)*

#### **5. APPROVAL OF EXPENSES**

Ms. Ford referenced a summary of Authority expenses and invoices provided to the Members. Ms. Ford asked for a motion to approve the expenses. Dr. Kazmir offered a motion to approve the bills and to authorize their payment. Mr. Lovell seconded the motion. Ms. Ford asked if the Members had any questions on the motion. There were no questions. Ms. Ford called for a vote. All Members voted in the affirmative and the motion carried.

#### **AB RESOLUTION NO. RR-45**

**WHEREAS**, the Members of the Authority have reviewed the memorandum dated March 14, 2018 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and the memorandum dated February 14 2018 summarizing general operating expenses, in the amounts of \$8,500.00 and \$628,250.40, 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.



## 6. EXECUTIVE SESSION

Ms. Ford asked for a motion to go into Executive Session to discuss personnel matters. Ms. Ford announced that the results of the discussion would be made public when the need for confidentiality no longer existed.

Dr. Kazmir offered the motion. Mr. Lovell seconded the motion. Ms. Ford asked if the Members had any questions on the motion. There were no questions. Ms. Ford called for a vote. All Members voted in the affirmative and the resolution was approved.

The Members entered into Executive Session at 10:25 a.m.

### AB RESOLUTION NO. RR-46

**NOW, THEREFORE, BE IT RESOLVED**, that, as permitted by the Open Public Meetings Act and the Authority's By-laws, the Authority meet in Executive Session to discuss personnel matters;

**BE IT FURTHER RESOLVED**, that the results of discussions may be made known at such time as the need for confidentiality no longer exists.

The Members returned to Public Session at 10:37 a.m.

## 7. APPROVAL OF ACTION DISCUSSED IN EXECUTIVE SESSION

Ms. Ford asked for a motion to approve the actions discussed in Executive Session. Dr. Kazmir offered the motion. Ms. Rodriguez seconded the motion. Ms. Ford asked if the Members had any questions on the motion. There were no questions. Ms. Ford called for a vote. All Members voted in the affirmative and the resolution was approved.

### AB RESOLUTION NO. RR-47

**WHEREAS**, the Members of the Authority have discussed personnel matters in Executive Session;

**NOW, THEREFORE, BE IT RESOLVED**, that the Members of the Authority hereby approve the actions discussed in Executive Session and authorize the Executive Director to implement said actions.

## 8. STAFF REPORTS

Dr. Kazmir thanked Staff for the Project Development Summary, Cash Reconciliation Report and Legislative Advisory reports.

Mr. Hopkins reported:

1. The Senate Judiciary Committee met on March 9, 2018 to interview Dr. Shereef Elnahal, Acting Commissioner of the Department of Health, and Carole Johnson, Acting Commissioner of the Department of Human Services. Both nominations were approved unanimously by the committee and are expected to be considered for approval by the full Senate at its next voting session on March 26<sup>th</sup>.
2. Hospital & Other News
  - a. The Memorial Hospital of Salem County has a potential new buyer, Community Healthcare Associates. Currently owned by Community Health Systems, a Tennessee based for-profit, Memorial Hospital was approved to be sold to the Prime Healthcare Foundation for \$15 million last year. Prime backed out of the deal the same day it was approved by the Department of Health. Both Inspira Health Network and Cooper Health System were rumored to be interested in Memorial Hospital, but offers never materialized. Community Health Associates is a for-profit organization that has previously acquired several closed hospitals and converted them into outpatient, ambulatory and sub-acute medical facilities, including Barnert Hospital in Paterson, Greenville Hospital in Jersey City, and the William B. Kessler Memorial Hospital in Hammonton. CHA plans to operate Memorial as a full-service acute care hospital with substantially all the current staff and services.
  - b. Virtua Health has signed a letter of intent to explore the acquisition of Our Lady of Lourdes Medical Center in Camden and Lourdes Medical Center of Burlington County in Willingboro from Trinity Health. This comes two months after Cooper Health System backed out of a potential deal to acquire the two Lourdes hospitals as well as St. Francis Medical Center in Trenton from Trinity.
  - c. Hackensack Meridian Health has signed a letter of intent to explore a partnership with the Carrier Clinic, a leading provider of behavioral health services headquartered in the Belle Mead section of Montgomery Township.
  - d. Effective March 1, 2018, St. Luke's University Health Network, which includes St. Luke's Warren Hospital in Phillipsburg, acquired the Sacred Heart Healthcare System headquartered in Allentown, Pennsylvania. This is the third acquisition of northeast Pennsylvania healthcare systems by St. Luke's in recent years.
  - e. Hackensack Meridian Health and Memorial Sloan Kettering are creating a joint venture to set up and operate cancer care centers throughout New Jersey. The

first center will be located at an unspecified site in central New Jersey and is expected to open before the end of the year.

- f. RWJBarnabas Health is planning seven additional outpatient offices to provide primary and specialty care in: Edison, Bridgewater, Eatontown, Forked River, Jersey City, Greenville and Ocean Township.
- g. Atlantic Health System opened six primary care and specialty satellite facilities and 2017. In 2018, it plans to open 10 more such facilities in Branchburg, Flemington, Hackettstown, Mountain Lakes, Pompton Lakes, Randolph, Raritan, Scotch Plains, Totowa and Union.
- h. Atlantic Health System's Morristown Medical Center was named as a top 50 hospital nationally by Healthgrades for the third consecutive year and its Overlook Medical Center, in Summit, was named as a top 100 hospital for the second consecutive year.
- i. St. Joseph's University Medical Center's "Alternatives to Opioids" program, the first of its kind in the nation, is credited with reducing opioid prescriptions 58% in its first year of operation according to a report from NPR. The program relies on alternative pain treatments including lidocaine patches, numbing agents injected into nerves and non-opioid pain medicine like acetaminophen.
- j. Geisinger, which owns the AtlantiCare Health System, announced the retirement of its long-time Chief Financial Officer Kevin Brennan. Mr. Brennan will become Chair of the Healthcare Financial Management Association in June. Kevin V. Roberts will assume the role of CFO at Geisinger in April. Mr. Roberts has an M.B.A. and was most recently CFO of the 15-hospital health care system BJC HealthCare in St. Louis, which has an affiliation with Washington University School of Medicine.
- k. Cooper University Health Care announced that its CEO, Adrienne Kirby will also take on the title of Executive Chair and will add to her duties evaluating partnerships and creating new strategic growth options with the board. Kevin O'Dowd and Anthony Mazzealli will become co-presidents and run the day-to-day operations of the health system.
- l. Cooper University Hospital is also planning to construct a 10,000 square foot conference center next to the 10-story Robert's pavilion, which opened in 2009. Space will be created in the pavilion for new state-of-the-art patient rooms by moving non-patient service areas out of the pavilion into the conference center.
- m. Northwell Health, the Long Island based health system with 66,000 employees, has recently expanded to Brooklyn and Westchester County. Northwell also has clinical affiliations with Connecticut hospitals. This month it also announced it is talking to systems in New Jersey and Philadelphia.

- n. Community Health System, the publicly-traded Tennessee-based health system that owns 127 hospitals, including the Memorial Hospital of Salem County, posted a loss of \$2.46 billion in 2017. The company is in the midst of a turnaround and is actively divesting itself of poor performing hospitals.
- o. In New Jersey health news the following articles are included:
  - i. Modern Healthcare's article on the health insurance consortium called Healthcare Transformation Consortium, created by Atlantic Health System, CentraState Healthcare System, Holy Name Medical Center, Hunterdon Healthcare, St. Joseph's Health and St. Peter's Healthcare System to provide healthcare insurance to their combined 50,000 employees;
  - ii. NJSpotlight breaks down Governor Murphy's health care initiatives as reflected in his proposed budget for the State;
  - iii. USA Today's extensive article on deaths at ambulatory surgery centers and a letter to the editor of The Record, which carried the story, from the president of the New Jersey Association of Ambulatory Surgery Centers touting the safety of New Jersey ambulatory surgery centers;
  - iv. Articles from NJSpotlight and NJBiz on Governor Murphy's support for matching bills by Assembly Speaker Craig Coughlin and Senator Joe Vitale to limiting out-of-network billing practices along with their articles on about the opposition to the bills by doctors;
  - v. An NJSpotlight article on a New Jersey bill to have a state mandate for individuals to purchase health insurance to replace the elimination of the federal mandate;
  - vi. A NJBiz article about the comments made by health insurance executives about value-based care, transparency and technology at the Commerce and Industry Association of New Jersey panel on the future of health care; and
  - vii. NJBiz also reports that a New Jersey judge ruled that a suit brought by CentraState Healthcare System, Holy Name Medical Center and Valley Health System against Horizon Blue Cross Blue Shield over the selection process for participation in Horizon's OMNIA health insurance product could proceed but eliminated the hospitals' claims of breach of contract.

- p. In national health care news, articles are provided on the following:
- i. Several articles on Moody's warnings about the negative effects that insurer growth strategies are expected to have on the nonprofit hospital sector;
  - ii. The Aetna merger with CVS will open "10,000 new front doors to the healthcare system";
  - iii. UnitedHealth Group is following Anthem's lead in challenging some billings for hospitals that classify emergency room patients with level 4 or 5 evaluation and management codes, which may result in lower reimbursements;
  - iv. CMS has found no evidence that senior wellness programs are decreasing health care spending;
  - v. Virtual care is up 7.3% during the current flu season according Health Tap;
  - vi. A Fierce Healthcare article about studies stressing that value-based health care is not only about reducing costs but also about improving health outcomes;
  - vii. Altarum's report summarized in Healthcare Dive that hospital prices grew 2.2% from February 2017 to February 2018, the highest one year increase since 2012, additionally hospitals added 9,300 jobs in February compared to a monthly average of 7,200 in 2017;
  - viii. A Fierce Healthcare report on how unnecessary surgeries harm elderly patients' quality of life;
  - ix. A Modern Healthcare article describing that more primary care services are being utilized since the Affordable Care Act but in the long run costs will be reduced;
  - x. CMS is planning to overhaul its electronic health records incentive programs to increase patient access to health records and interoperability;
  - xi. An extensive article in the Indianapolis Business Journal on the hospital construction boom in Indianapolis area and the concerns it will result in increased costs;

- q. In tax and securities law news, articles are provided on the following:
- i. A New York Times article on how the new federal tax law may give tax-exempt municipal bonds more allure for investors;
  - ii. The Bond Buyer also noted the continued appeal of tax-exempt municipal bonds for investors particularly in states with high state and local taxes, including New Jersey and New York;
  - iii. A Forbes article harkens back to the early 1980s when tax-exempt municipal bonds carried yields of 14% or more;
  - iv. Several municipal bond trade groups, including the National Association of Health and Educational Facilities Finance Authorities, have made suggestions to improve the TEFRA public hearing requirements, such as shorter public notice requirements and the ability to cancel the meeting if no one from the public signs in to speak by 24 hours before the hearing;
  - v. Yesterday, the Federal Open Market Committee of the Federal Reserve raised its target interest rate another 25 basis points to between 1.5% and 1.75%, the sixth increase since December 2015, prior to which rates were targeted at 0% to 0.25%.

### 3. Authority News

- a. Seth Evans has joined us as a temporary Project Manager while Edwin Fuentes takes family leave to spend with his newborn baby girl. Seth graduated from Hampton University and has public finance experience at numerous investment banking firms.

As there was no further business, following a motion by Mr. Lovell and a second by Dr. Kazmir, the Members voted unanimously to adjourn the meeting at 10:50 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  
MARCH 22, 2017.

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Carole A. Conover, Assistant Secretary