

Minutes of the New Jersey Health Care Facilities Financing Authority Special Meeting held on November 30, 2018 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

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

Via telephone, Dr. Munr Kazmir, Vice Chair (Chairing); Robin Ford, Designee of the Commissioner of Health Maryann Kralik, Designee of the Commissioner of Banking and Insurance; and Greg Lovell, Designee of the Commissioner of Human Services;

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

Mark Hopkins, Ron Marmelstein, Frank Troy, Carole Conover, Taryn Rommell and Chris Kniesler

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

Brian McGarry Attorney General's Office; and, via telephone, Lauren Nathan-LaRusso Governor's Authorities Unit; John Kelly and David Stein, Wilentz, Goldman & Spitzer

## **CALL TO ORDER**

Dr. Kazmir called the meeting to order at 10:03 a.m. and announced that this was a Special Meeting of the Authority. 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 *Courier Post*, enough in advance to permit the publication of an announcement at least 48 hours before the meeting.

### **1. REVISION TO THE RESOLUTION APPROVING A LOAN Neighborhood Health Services Corporation**

Dr. Kazmir asked Mark Hopkins to explain the revision to the loan agreement with Neighborhood Services Corporation to the Members.

Mr. Hopkins began by informing the Members that some of the provisions contained in the Authority's November 15th resolution approving a \$750,000 loan to Neighborhood Health raised objections from the Chapter 11 Trustee and concerns from the bankruptcy court. The bankruptcy court nevertheless signed an interim order approving the loan under our original terms on November 21, 2018. Neighborhood Health has not yet needed any additional funds, so the loan has not yet been executed and no funds disbursed. Mr. Hopkins said that the bankruptcy court has scheduled a hearing at 11:00 a.m. on December 4, 2018 to consider a final order for the loan. He also stated that staff is comfortable recommending the following changes requested by the Trustee to the Authority Members:

1. That the Authority permit up to \$1,000,000 of the liquidation proceeds attributable to any assets other than the mortgaged property to be used to pay professional fees and expenses incurred by the Borrower and/or its bankruptcy estate. The Authority would retain a first priority mortgage and lien on Neighborhood Health's property.
2. That the Authority remove from its second lien any claims or causes of action instituted by the Trustee or the Borrower's bankruptcy estate against any person or entity and the recoveries obtained thereon, other than those claims or causes of action seeking recovery of accounts receivable, co-payments, refunds and overpayments.
3. That the Authority permit Neighborhood Health be able to submit a reorganization plan in addition to a sale of the property within four months of the execution of the loan. The resolution only authorized the sale/leaseback or sale of the entire enterprise.

Mr. Hopkins advised the members that, due to the fact that the funds will be drawn down from time to time, it has been proposed that we charge the Authority's annual fee of 75 basis points (.75%) as a monthly administrative fee of one-twelfth (1/12th) of 75 basis points each month calculated on the outstanding balance of the loan as of the first of each month, however, the monthly fee will have a floor of \$125 regardless of how much has been drawn down (this equates to 1/12th of 75 basis points on \$200,000).

Mr. Hopkins concluded by saying that, based on the advice and counsel of Wilentz, Goldman & Spitzer, as the Authority's bankruptcy and loan counsel, and after review, comment, revision and concurrence by the Attorney General's office, Staff recommends that the Authority Members adopt the amended and restated resolution authorizing a \$750,000 federally qualified health center direct loan to Neighborhood Health Services Corp., as debtor in possession in bankruptcy.

Mr. Hopkins said that he would be happy to answer any questions the Authority Members might have and that John Kelly and David Stein of Wilentz, Goldman and Spitzer were on the telephone and also available to answer questions.

Dr. Kazmir thanked Mr. Hopkins for his report. He then asked for a motion to approve the amended and restated resolution to revise the terms of the loan to Neighborhood Health Services. Ms. Ford made the motion and Ms. Kralik seconded. Dr. Kazmir asked if there were any questions on the motion. There were none. He then called for a vote. All Members voted in the affirmative and the motion was approved.

**AB RESOLUTION NO. SS-37**

**NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts a resolution entitled “A RESOLUTION AMENDING AND RESTATING THE RESOLUTION ADOPTED NOVEMBER 15, 2018 AUTHORIZING EXPANSION OF FQHC DIRECT LOAN PROGRAM AND AUTHORIZING AND APPROVING A LOAN FROM THE NEW JERSEY HEALTH CARE FACILITIES FUND BALANCE TO NEIGHBORHOOD HEALTH SERVICES CORPORATION.”**

Hearing no further business, following a motion by Mr. Lovell and a second by Ms. Kralik, the Members voted unanimously to adjourn the meeting at 10:09 a.m.

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF MINUTES OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY SPECIAL MEETING HELD NOVEMBER 30, 2018.

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Carole A. Conover, Assistant Secretary