

**NEW JERSEY HEALTH CARE FACILITIES  
FINANCING AUTHORITY**

**- Agenda -**

1. Approval of Minutes
  - May 28, 2020
  
2. Adoption of Reimbursement Resolution
  - Patrick Avenue Adult Community, LLC
  
3. Report on the COVID-19 Emergency Loan Program
  
4. Authority Expenditures
  
5. Staff Reports
  - Project Development Summary
  - Cash Reconciliation Report
  - Legislative Update
  - Executive Director's Report

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on June 25, 2020 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, (Chairing) Vice Chair (Public Member); Robin Ford, Designee of the Department of Health; Greg Lovell, Designee of the Commissioner of Human Services; Manny Paulino, Designee of the Commissioner of Banking and Insurance; and Suzette Rodriguez (Public Member)

The following *Authority staff members* were in attendance:

Mark Hopkins, Chris Kniesler and Cindy Kline; and via telephone, Frank Troy, Ron Marmelstein, Bill McLaughlin, Alpa Patel, Edwin Fuentes, Taryn Rommell, Michael Solidum, Jessica Waite, Tracey Cameron

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

Via telephone, Victoria Nilsson, Attorney General's Office; Lauren Nathan-LaRusso, Governor's Authorities Unit; Ram Patel and Kam Modh, Patrick Avenue Adult Community, LLC; Tassos Efstratiades, Obermayer Rebmann Maxwell & Hippel LLP

## **CALL TO ORDER**

Dr. Kazmir called the meeting to order at 10:04 a.m. and announced that this was the regular meeting of the Authority, held in accordance with the schedule adopted at the May 28, 2020 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 May 28, 2020 Authority Meeting**

Minutes for the Authority's May 28, 2020 regular meeting were distributed for review and approval prior to the meeting. Dr. Kazmir asked for a motion to approve the minutes. Mr. Lovell made the motion. Ms. Ford seconded. Dr. Kazmir asked if there were any questions or comments on the motion. There were no questions or comments. Dr. Kazmir then called for a vote on the motion. All members voted in the affirmative and the minutes were approved.

## **2. ADOPTION OF REIMBURSEMENT RESOLUTION Patrick Avenue Adult Community, LLC**

Dr. Kazmir asked Edwin Fuentes to present the reimbursement resolution for Patrick Avenue Adult Community, LLC to the Members.

Mr. Fuentes began by saying that Ram Patel and Kam Modh from Patrick Avenue Adult Community, LLC were participating by telephone. Mr. Fuentes informed the Members that Patrick Avenue is a for-profit limited liability company that has signed a Memorandum of Understanding with the Authority to issue bonds in order to provide funds necessary to construct a senior living residential rental property in Edison, New Jersey and pay related costs of issuance. Tax-exempt financing is available as a result of the Borrower's agreement to qualify its facility as a residential rental project under Section 142(d) of the Internal Revenue Service Code and require that a certain number of its units be rented to low and moderate income individuals or families. The facility will include 135 units, housed in two buildings and will be operated as an assisted living facility. The bond issue is expected to be approximately \$60,000,000.

Mr. Fuentes directed the Members to the draft reimbursement resolution in their meeting materials. The resolution was prepared by Tassos Efstratiades from Obermayer Rebmann Maxwell & Hippel LLP, bond counsel on the proposed transaction. Mr. Efstratiades has represented to the Authority that IRS regulations require the issuer adopt a resolution stating that it reasonably expects that costs incurred and paid by the borrower prior to the issuance of bonds will be reimbursed from bond proceeds. Please note however, the Authority, by adopting the resolution, does not obligate itself to take any further action with respect to the bonds. The Authority has adopted similar resolutions for other for-profit entities including: The Avalon at Hillsborough Bridgeway Assisted Living Residence; Bartley Assisted Living; New Seasons of Mt. Arlington; and Village Drive Urban Renewal, all who have issued debt through this Authority.

Mr. Fuentes concluded by stating that the Authority staff recommends the approval of the reimbursement resolution.

He then said that he, the Patrick Avenue representative or Mr. Efstratiades would answer any questions. There were no questions.

Dr. Kazmir asked for a motion to adopt the reimbursement resolution for Patrick Avenue Adult Community, LLC. Mr. Lovell made the motion. Ms. Ford seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. Dr. Kazmir then called for a vote. All Members voted in the affirmative and the motion was approved.

## AB RESOLUTION NO. UU-05

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled **“RESOLUTION OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY DECLARING ITS OFFICIAL INTENT TO REIMBURSE EXPENDITURES FOR PROJECT COSTS RELATED TO THE PROJECTS OF PATRICK AVENUE ADULT COMMUNITY LLC FROM PROCEEDS OF DEBT OBLIGATIONS.”**

*(attached)*

### **3. REPORT ON THE COVID-19 EMERGENCY LOAN PROGRAM**

Dr. Kazmir asked Edwin Fuentes to bring the members up to date on the status of the COVID-19 Emergency Loan Program.

Mr. Fuentes reminded the Members that, on March 26, 2020, they approved a resolution authorizing the creation of a loan program whereby this Authority will provide up to \$6,000,000 to fund bridge loans to healthcare organizations in order to alleviate the detrimental effects of the COVID-19 pandemic on the State of New Jersey (the “COVID-19 Loan Program”).

Mr. Fuentes stated that, since the establishment of the Authority’s COVID19 Loan program in March of this year, the Authority staff has been providing the Authority with monthly updates as to the activity of the program.

Mr. Fuentes informed the Members that their meeting materials included a memorandum detailing the activity of the COVID-19 Loan Program from its inception. Since last month’s meeting, this Authority has not received any new applications, nor has it approved any new loans. To date, the Authority has received two COVID-19 Loan Program applications and approved one: Salem Medical Center in the amount of \$1,420,789. The loan was made to be used exclusively for funding additional agency staffing to handle COVID-19 patients and the overflow from other hospitals due to COVID-19. Since the closing, the Authority has processed twenty-six (26) requisitions for Salem Medical Center, totaling \$1,394,342.24.

According to Mr. Fuentes, of the \$6,000,000 established in the program, \$4,579,211 still remains left for lending. He then offered to answer any questions from the Members. There were no questions.

Dr. Kazmir reminded the Members that this presentation was for information only and no action was required.

#### 4. APPROVAL OF EXPENSES

Dr. Kazmir referenced a summary of Authority expenses and invoices provided to the Members. Ms. Rodriguez made the motion to approve the expenses. Mr. Lovell seconded. Dr. Kazmir asked if there were any questions or comments on the motion. There were no questions or comments. Dr. Kazmir then called for a vote. All Members voted in the affirmative and the resolution was approved to approve the bills and to authorize their payment.

#### AB RESOLUTION NO. UU-06

*WHEREAS*, the Members of the Authority have reviewed the memoranda dated May 20, 2020 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of \$48,194.80 and \$41,042.00 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. STAFF REPORTS

Dr. Kazmir thanked staff for the Project Development Summary, Cash Reconciliation Report, and Legislative Update.

Dr. Kazmir asked Executive Director Hopkins to present his Executive Director's report.

Mr. Hopkins reported the following:

1. Authority Members and Senior Staff are reminded that they are required to file a Financial Disclosure Statement with the State Ethics Commission by no later than July 15, 2020 (which has been extended from the usual May 15 due to COVID-19). 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 you have any questions about the process please do not hesitate to call or email me or Robin Piotrowski, the Authority's Ethics Liaison Officer.

2. The Audit Committee Members, Ms. Ford, Mr. Paulino and Mr. Feeney, are advised that there will be an Audit Committee meeting on Wednesday, July, 1 at 2:30 p.m., held telephonically, to discuss finalizing the audit with the auditors.

3. New Jersey Coronavirus News

a. Yesterday, June 24, 2020, Governor Murphy and Commissioner Persichilli announced New Jersey had 169,892 confirmed cases of COVID-19 through June 23, 2020 and 12,995 deaths. New cases, hospitalizations and deaths have declined significantly since their peak in the third week of April and have been relatively level for the last two weeks.

b. On June 4, Governor Murphy extended his declaration of a public health emergency, originally declared on March 9, for another 30 days through July 4. However, Governor Murphy has continued to gradually relax restrictions, including, most recently, allowing outdoor dining, outside gatherings of up to 250 people and, as of this past Monday, personal care services like beauty salons and barber shops to reopen, with certain restrictions. He has also continued to urge people to wear masks in public, continue social distancing and to wash hands frequently. Additionally, wide-spread testing and contact tracing has begun.

c. General COVID-19 articles include:

i. Spotlight's "Lessons Learned After Three Months on COVID-19 Front Lines";

ii. NJ.com's "Coronavirus cases will spike again. It's just a matter of time, experts say. How will N.J. respond?" and

iii. NJ Spotlight's "Some Bumps as NJ Launches New Contact Tracing Program."

d. COVID-19 articles on hospitals include:

i. the \$10 billion fourth wave of CARES Act aid to hospitals, based on services to Medicaid and other low-income patients, was a total of \$280 million split among 18 New Jersey hospitals;

ii. New Jersey hospitals are experiencing a relatively quiet period after the initial COVID-19 rush but an expected resurgence is looming;

- iii. Hackensack Meridian Health clinicians have published numerous papers in major journals based on their experiences from the first wave of the COVID-19 pandemic;
  - iv. Holy Name Hospital, which was one of the hospitals hit the hardest by COVID-19 in the country, is regrouping and preparing for a possible second surge;
  - v. Atlantic Health System has begun an innovative COVID-19 immune system clinical research study to learn how the human immune system recognizes and responds to infections like COVID-19 in order to help develop treatments, and vaccines; and
  - vi. Inspira Medical Center in Vineland successfully treated a Pittsgrove man for COVID-19 with convalescent plasma followed by the anti-viral medication Remdesivir, which has been shown to be able to reduce length of COVID-19 illness by about 31%.
- e. Dexamethasone, a widely available steroid, has been shown to be effective in reducing deaths from COVID-19 patients on oxygen or a ventilator by 33% according to a study performed in England.
  - f. A study published by Health Affairs estimated that state requirements to wear face masks in public in 15 states plus Washington, D.C. may have saved an additional 230,000 to 450,000 lives.

#### 4. Other New Jersey Hospital and Health Care News

- a. Department of Health Commissioner Judy Persichilli announced that Dr. David Adinaro is the new Deputy Commissioner of Public Health Services. Dr. Adinaro is a 17-year veteran of the emergency room at St. Joseph's University Medical Center in Paterson, where he most recently served as chief of emergency medicine. He started at the Department on Monday.
- b. The contentious battle for the ownership of the properties and operations of Bayonne Medical Center, Christ Hospital and Hoboken University Medical Center continues. Avery Eisenreich, the majority owner of the LLCs that owns all the property at Bayonne and 70% of the property at Hoboken, announced that he has reached an agreement to sell his interest in both hospitals to Hudson Regional Hospital for \$220 million. CarePoint Health, the owners of a majority interest in the two hospital operating companies, as well as the operations and property of Christ Hospital, had already reached a letter of intent to sell the operations of Hoboken and Christ to RWJBarnabas Health and a definitive agreement to sell the operations of Bayonne to BMC Hospital, LLC, a group of some of the partners

who own Surgicore ambulatory surgery centers in New York and New Jersey. Hudson Regional Hospital also announced that it had made an offer to CarePoint to buy the operations of all three hospitals, as well as the Christ Hospital property. The separation of the property interests and operating companies have created a conundrum, one cannot be practically sold without the other. Several of the parties have sued one another. The Hudson County Improvement Authority is considering taking the properties of each by eminent domain. The Hudson County Executive and the Mayors of Bayonne, Hoboken and Jersey City have expressed their frustration and are seeking the help of the Commissioner of Health and the Governor to resolve the situation.

- c. St. Luke’s University Health Network, which is the parent of St. Luke’s Warren Hospital, has agreed to acquire Easton Hospital from Steward Health Care on July 1. Easton will be St. Luke’s 12<sup>th</sup> hospital. The move saves the 125-bed Easton hospital from Steward’s plan to close it in May if it could not be sold.
  - d. Jefferson Health has named Brian Sweeney president and Chief Operating Officer of Jefferson Health of New Jersey, which operates hospitals in Cherry Hill, Stratford and Washington Township. Joseph Devine, the former president and CEO of the system who was also CEO of Kennedy Health System before it was acquired by Jefferson, will remain in an enterprise role with Jefferson Health. Mr. Sweeney has served in senior leadership roles with Jefferson Health for 23 years.
  - e. Philadelphia Business Journal named Inspira Health’s CFO Tom Baldosaro as 2020 “CFO of the Year.”
  - f. Fifteen New Jersey Hospitals earned 2020 Patient Safety Awards from Healthgrades.
5. Rating Agency Actions and Sector Comments:
- a. Moody’s Investors Service assigned an “A1” rating to Geisinger Health System’s 2020 A, B, C and D bonds totaling \$807.5 million. Moody’s also downgraded approximately \$1.5 billion in Geisinger’s existing long-term debt to “A1” from “Aa3.” The outlook has been revised to “Stable” from “Negative.”
  - b. Moody’s Investors Service also issued a Sector In-Depth report for U.S. and Europe Healthcare entitled “Patients begin to return as restrictions lift, but recovery will vary across subsectors” and a Sector Comment on U.S. not-for-profit and public healthcare entitled “Covenant breaches to rise amid coronavirus but for most, credit quality likely unaffected.”

- c. S&P Global Ratings issued Comments entitled “A Bumpy Recovery Is Ahead for Hospitals and Other Health Providers As Non-Emergent Procedures Start.”

6. In National Health Care News:

- a. An appeal of the federal rule requiring hospitals and insurance companies to disclose the prices they negotiate for health care procedures and services was dismissed by a U.S. District Court judge on Tuesday. The American Hospital Association and other hospital groups argued that the rule would force them to disclose private negotiations with insurers, undermining competition and violating First Amendment free speech rights. The judge said the rule was reasonably related to the government’s interest in lowering health care costs and giving consumer pricing data to assist them in making treatment decisions. The rule is scheduled to take effect January 1, 2021 but the American Hospital Association has indicated it will appeal.

7. In Bond and Tax Legislation and Regulatory News:

- a. The Financial Stability Board has indicated that the COVID-19 pandemic will not delay the phase-out of the London Inter-bank Offering Rate (“LIBOR”) at the end of 2021. LIBOR is often used as an index rate for setting variable rates of bonds. The Secure Overnight Financing Rate (“SOFR”) is the leading contender to replace LIBOR, but other rates, including the Securities Industry and Financial Markets Association (“SIFMA”) Municipal Swap Index, may also be used.
- b. The Securities and Exchange Commission’s (“SEC”) Fixed Income Market Structure Advisory Committee is recommending that regulators explore ways to improve pre-trade transparency, including how trades are executed, the roles played by market participants, and the manner and breadth of information disseminated to retail investors.

8. Authority News

- a. On May 23, the Authority’s Construction Compliance Manager, Bernie Miller, celebrated his 15<sup>th</sup> anniversary at the Authority.

Mr. Hopkins concluded by saying that the Authority staff continues to work remotely. Everything is going well, all of the work is being completed and he appreciates the effort by the staff.

As there was no further business, Dr. Kazmir asked for a motion to adjourn. After a motion by Mr. Lovell and a second by Ms. Ford the Members voted unanimously to adjourn the meeting at 10:24 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 ON JUNE 25, 2020.

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Cindy Kline, Assistant Secretary