

Minutes of the New Jersey Health Care Facilities Financing Authority regular Meeting held on December 15, 2022 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following *Authority Members* were in attendance:

Via telephone: David Brown, Vice Chair, Public Member (Chairing); Robin Ford, Designee of the Department of Health; Manny Paulino, Designee of the Commissioner of Banking and Insurance; Greg Lovell, Designee of the Commissioner of Human Services; Dr. Kazmir and Bridget Devane, Public Members

The following *Authority staff members* were in attendance:

Mark Hopkins, Alpa Patel, Taryn Rommell, Jessica Waite, Kia Inman, Frank Troy, Cindy Kline and Edwin Fuentes

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

Stephanie Gibson, Attorney General's Office; John Kelly, Wilentz, Goldman, & Spitzer; and, via telephone, Janice Venables, Governor's Authorities Unit; Erica Holmes, NJDOH; and Michelle Boyles, Cheiron, Inc.

CALL TO ORDER

Mr. Brown called the meeting to order at 10:03 a.m. and announced that this was a regular Meeting of the Authority, held in accordance with the schedule adopted at the May 26, 2022 Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, notice of this meeting was mailed to The Star-Ledger, the Courier Post, and provided to numerous other newspapers and media outlets serving New Jersey, early enough to publish an announcement at least 48 hours in advance of this meeting.

1. APPROVAL OF MINUTES November 17, 2022 Authority Meeting

Minutes for the Authority's November 17, 2022 Meeting were distributed for review and approval prior to the meeting. Mr. Brown asked for a motion to approve the minutes. Dr. Kazmir made the motion. Mr. Paulino seconded. Mr. Brown asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Brown called for a vote. All Members voted in the affirmative, except for Mr. Brown who abstained, and the minutes were approved.

2. AMENDMENTS TO BOND DOCUMENTS FOR LIBOR TRANSITION

- a. Hackensack Meridian Health 2016A Bonds**
- b. Princeton Healthcare System 2016B & C Bonds**

Mr. Brown called upon Edwin Fuentes to explain the reasons for amending the bond documents. He also stated that there will be a separate vote for each resolution.

Mr. Fuentes began by stating that staff is requesting that the Members approve two resolutions set before you today. The first is entitled a ‘Resolution Of The New Jersey Health Care Facilities Financing Authority Authorizing Certain Amendments To The Trust Agreement Relating To Its Refunding Bonds, Meridian Health System Obligated Group Issue, Series 2016A, And Entering Into An Amended And Restated Trust Agreement In Connection Therewith’ (the “HMH Resolution”). The second resolution is entitled ‘Resolution Of The New Jersey Health Care Facilities Financing Authority Authorizing Certain Amendments To The Trust Agreements Relating To Its Outstanding Revenue Bonds, Princeton Healthcare System Issue, Series 2016B And Series 2016C, And Entering Into Amended And Restated Trust Agreements In Connection Therewith’ (the “Princeton Resolution”).

According to Mr. Fuentes, on June 30 of 2023, the USD London Interbank Offered Rate, also known as LIBOR, will be phased out of financial markets. Several of the Authority’s outstanding bond obligations utilize LIBOR as an index rate. As a proactive measure, Authority staff distributed a Request for Proposals in order to assign bond counsel to assist borrowers in transitioning from a LIBOR rate to a new index rate for their affected series of Authority bonds. The members approved Wilentz, Goldman and Spitzer at the June 2022 meeting.

Mr. Fuentes explained that the Hackensack Meridian Health Series 2016A bonds issued by this Authority has approximately \$115,579,992.67 outstanding and currently uses LIBOR as an index rate. Hackensack Meridian and Banc of America Public Capital Corp., owner of the Series 2016A bonds, have agreed to use the Bloomberg Short-Term Bank Yield Index as the replacement index rate on the 2016A bonds, and now seek to amend certain bond documents in order to record the change.

Mr. Fuentes further explained that the Princeton Healthcare Series 2016B and 2016C bonds issued by this Authority currently have approximately \$65,000,000 and \$20,000,000 outstanding, respectively. Princeton Healthcare has come to terms with the respective owners of the B and C series of bonds on replacement index rates. The Series 2016B bonds will use the secured overnight financing rate (SOFR) and the Series 2016C bonds will use the Bloomberg Short-Term Bank Yield Index as the respective replacement index rates. Princeton now seeks to amend certain bond documents in order to record the aforementioned changes.

Mr. Fuentes then introduced John Kelly of Wilentz, Goldman, and Spitzer, Bond Counsel, to present both resolutions authorizing the amendments. He concluded by saying that, following his presentation, Mr. Kelly or he would address any issues or questions the Members had.

John Kelly stated that, in order to effectuate the changes to the documents which have been previously described, the Resolution provides for the adoption and approval by the Authority of an Amended and Restated Trust Agreement for the Meridian Health System Obligated Group Issue, Series 2016A, and authorizes the execution and delivery thereof by an Authorized Officer of the Authority. In addition, the 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 Amended and Restated Trust Agreement.

Mr. Kelly also explained that, in order to effectuate the changes to the documents which have been previously described, the Resolution provides for the adoption and approval by the Authority of an Amended and Restated Trust Agreement for the Princeton HealthCare System Issue, Series 2016B bonds, as well as an Amended and Restated Trust Agreement for the Princeton HealthCare System Issue, Series 2016C bonds, and authorizes the execution and delivery thereof by an Authorized Officer of the Authority. In addition, the 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 both Amended and Restated Trust Agreements.

Mr. Brown asked for a motion to approve a resolution to amend the bond documents on behalf of Hackensack Meridian Health 2016A Bonds. Mr. Lovell made the motion. Mr. Paulino seconded. Mr. Brown asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Brown called for a vote. All Members voted in the affirmative, except for Ms. Devane who recused herself, and the motion was approved.

AB RESOLUTION NO. 2022-12-A

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled “**RESOLUTION OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY AUTHORIZING CERTAIN AMENDMENTS TO THE TRUST AGREEMENT RELATING TO ITS REFUNDING BONDS, MERIDIAN HEALTH SYSTEM OBLIGATED GROUP ISSUE, SERIES 2016A, AND ENTERING INTO AN AMENDED AND RESTATED TRUST AGREEMENT IN CONNECTION THEREWITH**”

(attached)

Mr. Brown then asked for a motion to approve a resolution to amend the bond documents on behalf of Princeton Healthcare System 2016B & C Bonds. Dr. Kazmir made the motion. Mr. Lovell seconded. Mr. Brown asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Brown called for a vote. All Members voted in the affirmative and the motion was approved.

AB RESOLUTION NO. 2022-12-B

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled, “**RESOLUTION OF THE**

**NEW JERSEY HEALTH CARE FACILITES FINANCING
AUTHORITY AUTHORIZING CERTAIN AMENDMENTS
TO THE TRUST AGREEMENTS RELATING TO ITS
OUTSTANDING REVENUE BONDS, PRINCETON
HEALTHCARE SYSTEM ISSUE, SERIES 2016B & SERIES
2016C, AND ENTERING INTO AMENDED AND RESTATED
TRUST AGREEMENTS IN CONNECTION THEREWITH”**

(attached)

**3. AMENDMENT TO LOAN AGREEMENT
Valley Hospital 2019 Bonds**

Mr. Brown asked Edwin Fuentes to present the details of the request to amend the loan agreement for Valley Hospital 2019 Bonds.

Mr. Fuentes stated that staff is requesting that the Members approve a Resolution Of The New Jersey Health Care Facilities Financing Authority Authorizing An Amendment To The Loan Agreement Relating To Its Revenue Bonds, Valley Health System Obligated Group Issue, Series 2019, And Entering Into A First Amendment To Loan Agreement In Connection Therewith (the “Resolution”)

According to Mr. Fuentes, the Valley Hospital Inc., a subordinate corporation of Valley Health System Inc., (“Valley” or the “System”) is a 431 bed, not-for-profit acute care hospital located in Ridgewood NJ. It serves more than 440,000 people in 32 towns in Bergen County and adjoining communities. In November of 2019, this Authority issued the Valley Health System Obligated Group Issue, Series 2019 bonds for the purposes of 1) financing and/or reimbursing the Borrower for the costs of planning, development, acquisition, construction, equipping, expansion, furnishing and renovation of a new 372-bed, approximately 900,000 square foot acute care hospital and medical center facility to be located in Paramus, New Jersey, and (2) pay costs of issuance in connection with the issuance of the Series 2019 Bonds. As of today, the outstanding principal balance of the Series 2019 bonds is \$320,760,000.

Mr. Fuentes explained that upon issuance of the 2019 bonds, the Borrower agreed that the members of the Combined Group or any other person related to the Borrower within the meaning of Treasury Regulation 1.150-1(b) could not purchase the Series 2019 Bonds. The Borrower now requests an amendment to the respective bond documents to allow the Borrower to purchase the Series 2019 Bonds, as long as a written opinion of Bond Counsel is provided to the Authority and the Bond Trustee that such purchase will not adversely affect any applicable exclusion from gross income for Federal and State income tax purposes of the interest paid on the Series 2019 Bonds, or cause the interest to be treated as an item of tax preference under Section 57 of the Internal Revenue Code of 1986, as amended. This modification to bond documents would be consistent with loan agreements of more recent Authority financings.

Mr. Fuentes then introduced John Kelly of Wilentz, Goldman, and Spitzer, Bond Counsel, to present the Resolution authorizing the amendment. Mr. Fuentes noted that following his presentation, Mr. Kelly or he would address any issues or questions the Members had.

Mr. Kelly stated that, in order to effectuate the changes to the documents which have been previously described, the Resolution provides for the adoption and approval by the Authority of a First Amendment to Loan Agreement for the Valley Health System Obligated Group Issue, Series 2019 bonds, and authorizes the execution and delivery thereof by an Authorized Officer of the Authority. In addition, the 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 First Amendment to Loan Agreement.

Mr. Brown asked for a motion to adopt the resolution to amend the loan agreement for Valley Hospital 2019 Bonds. Dr. Kazmir made the motion. Mr. Lovell seconded. Mr. Brown asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Brown called for a vote. All Members voted in the affirmative and the motion was approved.

AB RESOLUTION NO. 2022-12-C

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled, **“RESOLUTION OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY AUTHORIZING AN AMENDMENT TO THE LOAN AGREEMENT RELATING TO ITS REVENUE BONDS, VALLEY HEALTH SYSTEM OBLIGATED GROUP ISSUE, SERIES 2019, AND ENTERING INTO A FIRST AMENDMENT TO LOAN AGREEMENT IN CONNECTION THEREWITH”**

(attached)

4. APPROVAL OF FAMILY PLANNING FACILITY FORGIVABLE LOANS

Mr. Brown called upon Mark Hopkins to present the recommendation that eight (8) organizations be approved for loans for 23 facilities in the total amount of \$6,076,418.

Mr. Hopkins began by reminding Authority Members that the Authority approved a Family Planning Facilities Upgrade Forgivable Loan Program (the “Program”) at the Authority’s September 29, 2022 Special Meeting. At that meeting the Authority Members also approved a form of application for the Program and a Memorandum of Agreement with the Department of Health (the “Department”) to administer the Program. The funds for the Program are coming from a Grant-in-Aid line item of \$10,000,000 to the Department and the Authority in the State Fiscal Year 2023 Appropriations Act (P.L. 2022, c. 49) for the purpose of providing funds for “Family Planning Facilities Upgrades.” At the Authority’s November 17, 2022 meeting, the Authority Members also approved a form of Loan Agreement to be entered into by each of the facilities or

organizations that are determined to be eligible and deserving of a Family Planning Facilities Upgrade Loan.

Mr. Hopkins informed Members that, by the November 28, 2022 deadline, loan applications were received from nine health care organizations relating to 24 facilities that provide family planning or reproductive health services. The total amount applied for was \$6,860,588. The Loan Evaluation Committee, consisting of two Authority employees and two subject matter experts from the Department, met on December 2, 2022 after independently reviewing and scoring each of the applications. Erica Holmes, Executive Director of the Office of Health Care Financing at the Department of Health was one of the subject matter experts from the Department and is joining this meeting by phone.

Mr. Hopkins stated that the Loan Evaluation Committee is recommending that eight organizations be approved for loans for 23 facilities in the total amount of \$6,076,438, as he further enumerated later. Each facility's project description was provided to the Authority Members with the background memo distributed with the Authority meeting materials last week.

According to Mr. Hopkins, each of the organizations receiving the Loan Evaluation Committee's recommendation are being recommended in the full amount of the organization's request except that the Family Planning Center of Ocean County's request was reduced by \$72,000 that was earmarked for six months of patient transportation from Uber Health. The Loan Evaluation Committee did not believe that was the type of expense contemplated by the appropriation. The Family Planning Center of Ocean County subsequently amended its application removing the request for \$72,000 for Uber Health and increasing the amount requested for the mobile medical van by \$25,850.

Mr. Hopkins explained that the Loan Evaluation Committee decided not to recommend the application from Metropolitan Surgical Associates as it was materially incomplete. The organization was encouraged to submit a completed application with the expected second round of applications, as the balance of the \$10 million funding remains available.

Mr. Hopkins concluded by saying that, on behalf of the Loan Evaluation Committee, he recommends that the Authority Members approve the resolution provided in the meeting materials, with the updates provided this past Tuesday and Wednesday, authorizing forgivable loans to, and the entering of loan agreement with, the following organizations to upgrade their facilities or services at the locations identified below and in the amounts identified below:

- Planned Parenthood of Northern Central and Southern New Jersey (8 applications for 8 facilities: Absecon \$750,000, Englewood \$170,000, Morristown \$475,000, Newton \$180,000, Perth Amboy \$260,000, Shrewsbury \$520,000, Trenton \$490,000 & Washington \$190,000) Total: \$3,035,000
- Family Planning Center of Ocean County – Toms River \$338,059
- Zufall Health Center – West Orange \$722,062
- Rutgers University – Division of Adolescent and Young Adult Medicine – Newark \$132,893
- Hoboken Family Planning – Hoboken \$300,000

- Planned Parenthood of Metropolitan New Jersey (5 facilities: East Orange, Montclair, Newark (2) & Paterson) \$688,959
- Alliance Community Healthcare (formerly Horizon Health Center) – Jersey City \$515,051
- FamCare – (4 facilities: Bridgeton, Glassboro, Pennsville & Vineland) \$344,414

Mr. Hopkins stated that Erica Holmes, who was joining us from the DOH via telephone, Taryn Rommell or he would be happy to answer any questions the Authority Members had.

Mr. Brown asked if the Authority was planning on doing a press release for the Family Planning Facility Forgivable Loans.

Mr. Hopkins replied that the Authority is leaving that up to the Department of Health, as the Authority currently does not have a Communication Specialist.

Ms. Ford then commended Mark, Erica, and Taryn for doing an amazing job with the loan program and thanked the leadership team, along with the Governor’s Office to move this loan program along. She also assured the Members that the Department of Health will be doing a press release.

Mr. Brown asked for a motion to approve the resolution authorizing forgivable loans for upgrades at enumerated family planning facilities and approving entering into loan agreements with said facilities. Dr. Kazmir made the motion. Robin Ford seconded. Mr. Brown asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Brown called for a vote. All Members voted in the affirmative, except for Ms. Devane who recused herself, and the motion was approved.

AB RESOLUTION NO. 2022-12-D

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled, **“A RESOLUTION AUTHORIZING FORGIVABLE LOANS FOR UPGRADES AT ENUMERATED FAMILY PLANNING FACILITIES AND APPROVING ENTERING INTO LOAN AGREEMENTS WITH SAID FACILITLITES”**

(attached)

5. ANNUAL ACCEPTANCE OF RESOLUTION OF NJHCFFA INCUMBENCY CERTIFICATE

Mr. Brown called upon Jessica Waite to explain the resolution authorizing annual incumbency certificates to the Members.

Ms. Waite explained to the Members that, in the Authority bond documents an “Authorized Officer” in the case of the Authority, shall mean the Chairman, Vice-Chairman, Secretary,

Assistant Secretary, Treasurer, Assistant Treasurer or Executive Director or Deputy Executive Director and when used with reference to any act or document also means any other person authorized by the by-laws or any resolution of the Authority to perform such act or execute such document”

Ms. Waite stated that the Authority is responsible for the expenditure of the costs of projects pursuant to the requisition policies approved by Authority; and the Authority recognizes the need for prompt and timely decisions made by Authority personnel to facilitate investment purchases and to provide direction to Bond Trustees of revenues, in accordance with bond indentures.

According to Ms. Waite, in December each year, Members approve a Resolution delegating the staff identified in Exhibit A, as Authorized Officers of the Authority, responsible for the day-to-day activities related to the requests of disbursement requisitions, investments, allocation of revenues, and to take such other action as may be necessary or appropriate in order to effectuate the actions contemplated by this Resolution. It was decided then that each year Members would be asked to re-approve the Authorized Officers of the Authority contained within the Exhibit.

Ms. Waite concluded by asking Members to approve the delegation of those individuals.

Ms. Waite offered to answer the Members’ questions. There were no questions.

Mr. Brown asked for a motion to approve the resolution authorizing annual incumbency certificates. Dr. Kazmir made the motion. Mr. Lovell seconded. Mr. Brown asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Brown called for a vote. All Members voted in the affirmative and the motion was approved.

AB RESOLUTION NO. 2022-12-E

WHEREAS, the Authority hereby approves a resolution entitled, “RESOLUTION OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY AUTHORIZING THE ADOPTION OF ANNUAL INCUMBENCY CERTIFICATES PROVIDED TO THE APPROVED TRUSTEE BANKS”

6. AMENDMENT TO THE BUDGET TO INCREASE THE AMOUNT FOR POST-RETIREMENT HEALTHCARE BENEFITS TRUST

Mr. Brown called on Alpa Patel to present on the amendment to the budget to increase the amount for Post-Retirement Healthcare Benefits Trust.

Ms. Patel explained to Members that the Authority’s Actuary, Cheiron Inc. has performed an actuarially computed liability valuation for the period ending December 31, 2022. The liability was computed to be \$970,149. The Board Members have previously approved \$200,000 for the Estimated Annual Required Contribution to the Post-Retirement Health Benefits Trust line item

at the December 16, 2021 Authority Meeting. The Authority has a current policy of maintaining full funding of the Trust Account. Therefore staff is asking the Members of the Authority their consideration in amending the Authority's 2022 Cash budget by approving an additional \$770,149 in the Estimated Annual Required Contribution to the Post-Retirement Health Benefits Trust line item.

Ms. Patel stated that she would be happy to answer any questions. There were no questions.

Mr. Brown asked for a motion to approve the amendment to the cash budget. Dr. Kazmir made the motion. Mr. Lovell seconded. Mr. Brown asked if the members had any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. 2022-12-F

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves an amendment to the 2022 cash budget to increase the amount for post-retirement healthcare benefits trust.

7. FUNDING OF THE OTHER POST-EMPLOYMENT BENEFITS

Mr. Brown asked Alpa Patel to explain the funding of the Other Post-Employment Benefit Trust to the Members.

Ms. Patel began by introducing Michelle Boyles from Cheiron Inc. who was participating by phone. The Authority hired Cheiron Inc. to prepare the valuation for the years ending 2022 and 2023. As Ms. Patel just asked the board members to amend the 2022 cash budget in relation to the Authority's Other Post Employment Benefit Trust. The approval and creation of the Trust was done in December 2007 in order to fund the post-retirement health care plan for qualified employees. As of December 31, 2021, the trust was fully funded. Since the Governmental Accounting Standards Board statement for postemployment benefits requires an actuarial study to be conducted every 2 years for employers with less than 100 employees, it was time for a new valuation. As you can see in the valuation report prepared by Cheiron Inc., the annual required contribution for 2022 is \$970,149. The new GASB 75 rules state that the results as of December 31, 2023 will have to be provided after the December 31, 2022 municipal bond rates are available. Therefore, the December 31, 2023 results will be provided under separate cover early next year. The Authority estimates the unfunded liability for 2023 to be no more than \$200,000. To properly fund this liability, staff is recommending the board's approval to deposit \$970,149 to fully fund the trust through December 31, 2022 and the approval to fully fund the 2023 liability up to \$200,000 once the results are received from Cheiron Inc. early next year.

Ms. Patel concluded by saying that Ms. Boyles or she would be happy to answer any questions the Members had.

Mr. Hopkins clarified that the Authority was using two names for the same topic. When it was created in 2008, it was named by the Authority the post-retirement health benefit trust, but accountants typically refer to it as the other post-employment benefits.

Mr. Brown thanked Mr. Hopkins for the clarification and asked for a motion to approve fully funding the Authority's Other Post-Employment Benefit Trust Fund through December 31, 2022 as recommended by staff and the approval to fully fund the 2023 liability up to \$200,000 once the results are received early next year. Dr. Kazmir made the motion. Ms. Devane. seconded. Mr. Brown asked if the Members had any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. 2022-12-G

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves fully funding the Authority's Other Post-Employment Benefit Trust Fund through December 31, 2022 as recommended by staff and fully funding the 2023 liability up to \$200,000 once the results are received from Cheiron Inc. early next year.

8. AUTHORITY EXPENSES

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

AB RESOLUTION NO. 2022-12-H

WHEREAS, the Members of the Authority have reviewed the memoranda dated December 7, 2022 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amount of \$19,080.00 and \$68,040.75, 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.

9. STAFF REPORTS

Mr. Brown thanked staff for the Project Development Summary and Cash Reconciliation Report.

Mr. Hopkins asked Mr. Brown if the Members would hold the Executive Session before he gives his Executive Director's Report due to some Members having other meetings to attend soon.

10. EXECUTIVE SESSION

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

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

The Members entered into Executive Session at 10:37 a.m.

AB RESOLUTION NO. 2022-12-I

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 10:54 a.m.

Mr. Brown requested a roll call to make sure all Members were back on the teleconference. All Members were present.

11. APPROVAL OF PERSONNEL MATTERS DISCUSSED IN EXECUTIVE SESSION

Mr. Brown asked for a motion to approve the personnel matters discussed in Executive Session. Dr. Kazmir offered the motion. Mr. Paulino seconded the motion. Mr. Brown asked if the Members had any questions on the motion. There were no questions. Mr. Brown called for a vote. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. 2022-12-J

NOW, THEREFORE, BE IT RESOLVED, that the personnel matters discussed in Executive Session have been approved.

Mr. Brown then asked Executive Director Hopkins to present his Executive Director's report.

Mr. Hopkins reported the following:

1. He introduced Kia Inman who is working at the Authority on a mobility assignment from the Department of Health. She has a Masters of Public Administration from Kean University and a Bachelor of Arts in Sociology from Rutgers University. Before working at the Department of Health, Ms. Inman was a Human Resources Manager at the New Jersey Department of Transportation and an Employee Relations Manager at the New Jersey Department of Military and Veterans' Affairs. Previously she served in the same position at the New Jersey Department of Children and Families. She will be working with Robin Piotrowski on Human Resources and has also agreed to try her hand a marketing materials for the Authority, including the newsletter and the annual report.
2. The Audit Committee held a meeting on Tuesday, December 6, 2022 at 10:00 a.m. to discuss the upcoming audit of the Authority's financial statements for the year ending December 31, 2022 with the auditors PKF O'Connor Davies, as required pursuant to Executive Order #122 (McGreevey 2004)
3. Mr. Hopkins thanked all the Authority Members for timely completing the mandatory ethics training in accordance with Executive Order #41 (Codey 2005) and the Cannabis Briefing.
4. COVID/Flu/Respiratory Syncytial Virus
 - a. Research from the Commonwealth Fund estimates that COVID vaccinations in the United States saved 3.2 million lives between December 2020 and last month. It also estimates that the vaccines prevented 120 million COVID infections and 18.5 million hospitalizations, saving the U.S. more than \$1 trillion.
 - b. Health experts are warning of a rise in COVID cases due to upcoming December holiday gatherings. They expressed concern that the low uptake rate of the new bivalent COVID booster vaccine will result in a significant increase in hospitalizations. Home testing is also probably delaying health officials' awareness of COVID cases because people testing at home do not have to report positive tests. Thus an outbreak may not be known until hospitals are inundated with COVID patients. The uptick in RSV and flu cases are exacerbating health care utilization concerns. The New Jersey Department of Health is urging residents to get flu shots and COVID boosters before the holidays to try to keep people healthy and reduce the burden on hospitals and health care providers.
 - c. The U.S. Centers for Disease Control and Prevention ("CDC") is encouraging people to wear masks again in public, particularly indoors and in crowded places. NJ.com published an article with tips on mask wearing.
 - d. The CDC estimates that long COVID affects 7.7 to 23 million Americans and that treatment costs and economic losses could reach into the trillions. A Harvard

economist estimates long COVID could cost the U.S. economy \$3.7 trillion, with \$528 billion on medical spending alone.

- e. Several articles are included on the “triple-demic” or “tridemic” of the influx of RSV, flu and COVID. There has been a significant increase in the flu and RSV this year, the latter particularly in children.

5. New Jersey Hospital News

- a. The acquisition of St. Francis Medical Center by Capital Health has received the approval of New Jersey Department of Health Commissioner Judith Persichilli. Capital is expected to assume operations of St. Francis on December 21st. Capital will be keeping only the emergency department and select ambulatory services open at St. Francis. Most inpatient and other services, including cardiac care, will be transitioned to Capital Health’s Regional Medical Center in Trenton. Some services will be transitioned to Capital Health’s Hopewell campus. The Commissioner’s approval follows approval of a Superior Court Judge pursuant to the Charitable Health Care Assets Protection Act (or CHAPA), after a review and recommendation from the Attorney General’s office. It is expected the vast majority of St. Francis employees will be employed by Capital Health. It is expected that, due to the age and condition of buildings making up St. Francis, the emergency department and other ambulatory services will eventually be moved into more modern facilities near the current St. Francis campus. St. Francis was part of Trinity Health, a multi-state Catholic non-profit health system.
- b. In news that just broke yesterday, the Atlantic City Press is reporting that Cooper University Health Care and Cape Regional Health System have entered into a letter of intent to merge. The parties are hoping to reach a definitive agreement in March and begin the seeking the necessary regulatory approvals, which they said could take until 2024.
- c. RWJBarnabas Health’s Robert Wood Johnson University Hospital in New Brunswick has opened its new, state-of-the-art trauma care intensive care unit. It will have 12 ICU patient rooms with overhead lighting, booms, lifts, computers and dialysis connections. The hospital is one of only three state-designated Level 1 Trauma Centers in New Jersey. It also hosts a pediatric trauma center.
- d. Valley Health System has signed the Health Care Sector Climate Pledge, joining more than 800 U.S. hospitals and thousands of other health care organizations. The pledge requires the organizations to reduce emission by 50% by 2030 and to achieve net-zero emissions by 2050, including publicly reporting their progress towards those goals. Valley’s replacement hospital being constructed in Paramus, which was partially funded by Authority bonds, will help it to reduce emissions. The new hospital is expected to achieve gold-level status for Leadership in Energy and Environmental Design (commonly referred to as “LEED”).

- e. Virtua Health has expanded its hospital-at-home program to all five of its system hospitals. The program was launched at Virtua's Voorhees Hospital in January. Patients in the program get remote monitoring devices, virtual consultations with health care practitioners and twice-daily visits from home healthcare staff, among other services, as needed.
- f. Hackensack Meridian Health's Ocean Medical Center is testing a pilot program providing virtual nurses to patients on the fourth floor of the hospital. Patient rooms are equipped with cameras, microphones and television screens through which patients can meet with nurses. The virtual nurses assist on-site staff with tasks that can be performed remotely, such as admission assessments, patient rounding, patient and family questions and education as well as patient discharges. The nurses are provided by Omaha, Nebraska-based Banyan Medical Systems Virtual Care. This could help alleviate the nursing shortage caused partially by the COVID pandemic, when many nurses retired or stopped practicing in hospitals and at bedsides. It is believed virtual nursing could handle 20% to 25% of administrative work that bedside nurses perform. Virtual nursing programs have reportedly grown by 34% in the past year.
- g. AtlantiCare held a ribbon cutting for its three-story, 70,000 square-foot medical arts pavilion near its Atlantic City hospital. The \$38.3 million facility will address community health and wellness needs with family planning and maternal fetal medicine services as well as dialysis and a federally qualified health center. It will also have a floor dedicated to medical education training, including a 10-room simulation lab.
- h. Eight New Jersey hospitals were among 115 nationwide to be named "Top Hospitals" by the Leapfrog Group, a nonprofit promoting hospital safety. New Jersey general hospitals recognized are Atlantic Health System's Chilton Medical Center, Hackensack Meridian Bayshore Medical Center and Hudson Regional Hospital. Teaching hospitals recognized are Bergen New Bridge Medical Center, Englewood Hospital and Medical Center, Hackensack Meridian Palisades Medical Center, Atlantic Health System's Morristown Medical Center and St. Luke's Warren Hospital.
- i. Nineteen New Jersey hospitals were recognized by U.S. News and World Report on its annual "Best Hospitals for Maternity Care" list.
- j. Nurses at RWJBarnabas Health's Cooperman Barnabas Medical Center have negotiated a new one-year contract. Registered nurses salaries will start at \$43 per hour. The agreement also addresses staffing levels and provides additional pay for nurses on night shifts.
- k. We have learned that Domenic Segalla has been named interim CFO at Inspira Health while the system looks for a permanent replacement for Thomas Baldosaro, who left in the fall.

6. Ratings Agency Actions and Commentaries

- a. S&P Global Ratings has raised its rating on bonds issued by the Camden County Improvement Authority on behalf of Cooper Health System from “BBB+” to “A-” The outlook is “Stable.” This is the highest rating Cooper has achieved and is attributed to cost containment, revenue improvement, expanding market share and developing key services to gain more tertiary referrals and limit outpatient migration to Philadelphia.
- b. Fitch Ratings has affirmed its “A+” rating on Series 2020A and 2014A bonds issued by the Authority on behalf of Hunterdon Medical Center. The outlook was revised from “Stable” to “Negative” based on recent declines in profitability and liquidity.
- c. Moody’s Investors Service issued its “Not-For-Profit and Public Healthcare - U.S.” 2023 Outlook on December 7th. The outlook for the sector is negative due to inflation and labor costs continuing to drive expenses higher.
- d. S&P Global Ratings issued its “Outlook for U.S. Not-For-Profit Acute Health Care: A Long Road Ahead” on December 1st. S&P revised its outlook to negative for 2023 due to “persistent operating pressures coupled with investment market volatility that has eroded much of the balance sheet cushion built during the pandemic.”

7. New Jersey Health Care News

- a. The Department of Health has announced \$116.5 million in grants to help strengthen public health infrastructure across the State by making improvements to the physical and technological infrastructure and public health workforce. Commissioner Persichilli noted that the funds will support efforts to address emerging health threats and health equity. \$75 million will go toward local health departments while \$41.5 million will go to the 21 county health departments.
- b. Governor Murphy engaged the consulting firm of Boston Consulting and the law firm of Montgomery McCracken Walker & Rhoads to review how the State government responded to the COVID pandemic. Governor Murphy had promised to have a review conducted early in the pandemic. Paul Zoubek, a former first assistant state attorney general under Governors Christie Whitman and Donald DiFrancesco, who is now an attorney in the Cherry Hill office of Montgomery McCracken Walker & Rhoads, will be leading the review.
- c. A bipartisan bill in the New Jersey Assembly would expand access to hospital-level health care from patients’ homes for Medicaid and commercially insured patients. The federal government permitted hospital care at home during the pandemic, but that waiver will expire once the declared federal public health emergency ends, unless it is extended by an act of Congress. Cooper University Hospital,

Hackensack Meridian Health, Salem Medical Center and Virtua Health all are currently approved for hospital-at-home services.

- d. A coalition of numerous unions and community organizations are calling for more affordable pricing at New Jersey hospitals. Called the New Jersey Coalition for Affordable Hospitals, it is made up of some of the largest unions in the State, including the Communications Workers of America, the Service Employees International Union, the Health Professionals and Allied Employees and the New Jersey Education Association as well as community organizations such as New Jersey Policy Perspective and New Jersey Citizen Action. The group seeks to find ways to reduce the costs that go into providing medical care, increase government reimbursement and provide more socially supported services to help hospitals lower prices.
 - e. United Health Foundation ranked states by overall health. New Jersey ranked 13th. New Hampshire, Massachusetts, Vermont and Connecticut were the top five respectively (with Vermont and Connecticut tied for fourth). Ranking 50th to 46th respectively were Louisiana, Mississippi, Arkansas, West Virginia and Alabama.
 - f. The Kaiser Family Foundation reported the average hospital adjusted expenses per patient day by ownership for 2020. The U.S. average was \$3,032 for nonprofit hospitals, \$2,300 for for-profit hospitals and \$2,606 for state and local government-owned hospitals. New Jersey reported average hospital adjusted expenses per patient per day at \$3,409 for nonprofit hospitals and \$2,250 for for-profit hospitals. Because on an anomaly in the data for its state and local government-owned hospitals, New Jersey recorded a lower than normal \$1,922.
8. National Health Care News
- a. Articles were provided from The Bond Buyer, Fitch Ratings and Becker's Hospital Review noting that the high cost of labor and labor supply shortages will persist and continue to be a drag on the hospital sector going into 2023.
 - b. Analysis by the Robert Wood Johnson Foundation estimates that as many as 18 million Medicaid enrollees will lose Medicaid coverage when the COVID public health emergency, which expanded eligibility, expires. Most will transition to other coverage options but 3.8 million are expected to lose coverage entirely. The public health emergency has been extended several times and is currently set to expire in early 2023 unless extended again.
9. Bond and Tax Legislation and Regulatory News
- a. Yesterday, the Federal Open Market Committee ("FOMC") of the Federal Reserve raised its target for the federal funds rate by 50 basis points to the range of 4.25% to 4.50% in a continued effort to rein in inflation. That is a total of 350 basis point increase in the last seven months. The 50 basis point increase is smaller than the

75 basis point increase it has been targeting over the past seven months, indicating that the FOMC may be slowing its tightening policy in light of market indicators pointing to slowing inflation. Nevertheless, the FOMC indicated there would like be continued increases in 2023 with an anticipated peak of 5.1%.

- b. The 2023 defense bill likely to pass Congress this year includes a municipal disclosure mandate, which is likely to push issuers toward a financial reporting standard format like XBRL, for eXtensible Business Reporting Language. Municipal market opponents argue that it will be a costly transition and is not easily adaptable to the many different types of municipal issuers and obligated persons. It requires the Securities and Exchange Commission (“SEC”) to adopt new data standards within two years of the bill’s passage. Private companies have been required to report to the SEC in XBRL format since 2009.
- c. The Securities Industry and Financial Market Association (“SIFMA”) is urging the new Congress to take action to restore advance refundings of municipal bonds, which were ended in 2018, and ease liquidity issues by lifting the \$10,000 tax deduction cap on state and local taxes.

10. Authority News

Mr. Hopkins wished a Happy Hanukah, Merry Christmas, Happy Kwanzaa and Happy New Year to all!

Mr. Brown thanked Mr. Hopkins for his report and also wished everyone a happy holiday.

Mr. Lovell asked if the Authority could provide Members with a follow-up or summary of the 50th Anniversary Symposium that was held in September. He was interested to see if the Authority had any new findings or inquiries because of the information provided at the event.

Mr. Hopkins responded that the Authority had planned to reach out to hospitals who had representatives at the Symposium and those who did not with information about the PFM Financial report showing how the Authority’s has saved borrowers over the years. He also informed Members that he would get a report out to them by the first quarter of next year.

As there was no further business, Mr. Brown asked for a motion to adjourn. Dr. Kazmir made the motion and Mr. Lovell seconded. All Members voted in the affirmative. The meeting was adjourned at 11:15 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 DECEMBER 15, 2022.

Cindy Kline, Assistant Secretary