

Minutes of the New Jersey Health Care Facilities Financing Authority regular Meeting held on February 24, 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. Munr Kazmir and Thomas Sullivan (Public Members)

The following *Authority staff members* were in attendance:

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

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

Via telephone: Stephanie Gibson and Virginia Nilsson Attorney General's Office; Jeff Nielsen, Governor's Authorities Unit

CALL TO ORDER

Mr. Brown called the meeting to order at 10:02 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 27, 2021 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 January 27, 2022 Authority Meeting

Minutes for the Authority's January 27, 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. Ms. 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 and the minutes were approved.

2. 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. Sullivan 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. VV-48

WHEREAS, the Members of the Authority have reviewed the memoranda dated January 19, 2022 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amount of \$19,500.00 and \$2,770.00, 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.

3. STAFF REPORTS

Mr. Brown thanked staff for the Project Development Summary, Cash Reconciliation Report, Year-End Budget Report and Legislative Update.

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

Mr. Hopkins' report is as follows:

1. It was discussed at the last meeting about the possibility of holding this Authority meeting over Microsoft Teams. Unfortunately, the Authority's operating system and version of Microsoft Office are too old to host Microsoft Teams meetings. We have already started the process of converting to a new Microsoft Operating System but it is not complete. After that it will probably take another couple of months to convert to a newer version of Microsoft Office that will be compatible.
2. NJ.com published an extensive article about Commissioner Persichilli on February 6th. It discussed her leadership as Commissioner of Health through these nearly two years of the COVID-19 pandemic and how she can now glimpse the finish line under the new normal of living with an endemic COVID. It also touches on her long career in health care as a nurse, hospital CEO, health care system executive and Commissioner.

3. Village Drive Health Care Urban Renewal LLC, the low-income assisted living facility in Millville financed by the Authority, is still awaiting its license to open after having received its Certificate of Occupancy in late December 2021.
4. Mr. Hopkins thanked the Authority Members for their timely completing of the required disclosure forms entitled the “Personal and Business Relationships Disclosure Form” and the “Annual Outside Activity Questionnaire”
5. On January 31, 2022, Senator Vitale, Chair of the Senate Health, Human Services and Senior Citizens Committee, introduced Senate Bill 1058 expanding possible projects eligible for the Authority’s Hospital Asset Transformation Program to include not only hospitals that close in their entirety but also hospitals that reduce their licensed bed capacity by at least 175 beds. The Hospital Asset Transformation Program permits the State Treasurer, under specific limited conditions, to enter into a contract to pay debt service on bonds issued by the Authority related to the closure of a hospital no longer necessary or useful for providing acute care hospital services. Any payments from the State for Hospital Asset Transformation Program debt are subject to appropriation annually by the legislature.
6. Coronavirus News
 - a. With COVID-19 cases continuing but declining, on February 7, 2022 Governor Murphy announced he was extending his COVID-19 public health emergency, which he had reinstated on January 11, 2022, for an additional 30 days. Governor Murphy had previously announced his plan to let the mask mandate for schools expire on March 7th but will allow individual school districts to require masks as they deem necessary and will not allow any school districts to ban masks. Mr. Hopkins said that, if there is no objection, he will discontinue his COVID report unless the state is still under a Public Health Emergency.
 - b. Hospitalizations from COVID-19 in New Jersey on February 22nd were 961 compared to 3,858 on January 25th, which is a continuation of a steady decline since the Omicron variant peaked and is far below the overall peak of 8,270 on April 14, 2020. The rate of transmission in New Jersey has increased slightly to 0.69 from last month’s reported 0.58. Since the first case on March 4, 2020, 1,867,368 New Jersey residents have tested positive for COVID-19 with another 293,822 probable. 32,800 people have died of confirmed or probable COVID-19. Nationally, according to the New York Times, as of February 22, 2022 there have been 78,556,713 cases and 937,380 deaths from COVID-19 and a daily average of 62,464 people were hospitalized over the previous 14 days. In New Jersey, over 15 million vaccine doses have been administered, providing 89% of the entire population with at least one dose of the vaccine. 6,709,259 are fully vaccinated or 74% of the entire population, including 79% of those 5 and older and 91% of those 65 and over. In the United States, about 253.1 million people have received at least one dose of the vaccines, including 215 million, or 65%, who have been fully vaccinated.

- c. Since last month, New Jersey's supply of Paxlovid and Molnupiravir, antiviral pills to fight COVID, has more than tripled to 24,000.
- d. New Jersey is continuing to urge people to get immunized and boosted. It has launched a campaign to increase boosters, which have proven to be an important additional step to prevent serious COVID symptoms from the Omicron variant. Outreach is being focused on areas where less than 50% of the eligible population has received a booster shot.
- e. A report using data from 422,000 adults in Los Angeles County California, published by the Centers for Disease Control and Prevention on February 1st, found that vaccines provided robust protection against the Omicron variant of COVID. Unvaccinated people were 3 times more likely to get infected and 23 times more likely to be hospitalized with serious illness compared to those who were vaccinated and boosted. Those who were fully vaccinated but not boosted were about four times more likely to be hospitalized than those who were boosted.
- f. The Moderna COVID vaccine received the full approval from the U.S. Food and Drug Administration (FDA) on January 31, 2022 for those 18 and over. It had previously been authorized for emergency use. It is the second COVID vaccine to get full FDA approval. Pfizer/BioNTech's COVID vaccine was the first to receive the FDA's approval on August 23, 2021 for those 16 and older.
- g. A New York Times analysis notes that the share of Americans killed by COVID-19 since December 1, 2021 is at least 63% higher than a number of other large wealthy nations.
- h. A Johns Hopkins study found lockdowns did little to limit COVID deaths. The report found that the lockdowns, school closures, border closures and limiting gatherings in Europe and the U.S. only reduced deaths by 0.2% but had the negative effects of reducing economic activity, contributing to domestic violence and undermining liberal democracy. It concluded that lockdowns should be rejected as a pandemic policy instrument.
- i. The Biden administration will be changing the way COVID-19 hospitalizations are reported. Hospitals are not consistently reporting COVID admissions' with some admissions being classified as COVID admissions when COVID was not the cause of the admission but only incidental to the admission. In the near future, the administration plans to separately list admissions because of COVID from those admissions for which COVID is only incidental and not the cause of the admission.
- j. A study in Nature Medicine that followed 150,000 U.S. veterans who had been infected with COVID-19 showed that they had developed cardiovascular problems at a much higher rate than veterans who had not contracted COVID-19.

The study may indicate that COVID may lead to a long-term crisis of widespread cardiac disease in the future for people who had COVID infections.

7. New Jersey Hospital & Health Care News

- a. John Gribbin, CEO of CentraState Health System, announced that he is retiring the first week of April. He will stay on as a consultant for a transition period. Mr. Gribbin has worked in health care for 47 years and has been CentraState's CEO since 2000. CentraState officially became a partner of Atlantic Health System on January 1st.
- b. Hackensack Meridian Health's CEO Robert Garrett was interviewed by NJBiz on January 31st. The interview covered topics including the COVID-19 pandemic, the future of health care, including behavioral health, home care and telehealth, as well as Hackensack Meridian's proposed merger with Englewood Health which is being contested by the FTC.
- c. Dennis Pullin, CEO of Virtua Health, has been named to the Economic and Community Advisory Council of the Federal Reserve Bank of Philadelphia.
- d. Lori Herndon, CEO of AtlantiCare, has been installed as Chair of the Board of the New Jersey Hospital Association.
- e. Becker's Hospital Review has identified 113 great leaders in health care for 2022. Included on the list are: (i) Robert Garrett, CEO of Hackensack Meridian Health; (ii) Brian Gragnolati, CEO of Atlantic Health System; (iii) Lori Herndon, CEO of AtlantiCare; and (iv) Barry Ostrowsky, CEO of RWJBarnabas Health.
- f. Deborah Heart & Lung Center has broken ground on a \$108 million capital expansion as part of Deborah's 100th anniversary celebration this year. The new construction will include a three-story vertical addition to the existing hospital space with 36 private patient rooms. Three existing patient care units will be renovated following the new construction. Updates will be made to the cardiac catheterization labs, a new pharmacy clean room and new robotic technology in the electrophysiology labs. The new construction and renovations are being partially financed by an \$88 million low-interest rural development loan from the U.S. Department of Agriculture along with fundraising and a \$10 million loan from Greater Commercial Lending.
- g. Five New Jersey hospitals were named by Healthgrades as among the best in the nation. Atlantic Health System's Morristown Medical Center and Overlook Medical Center were among the top 50 hospitals in the nation. RWJBarnabas Health's Cooperman Barnabas Medical Center, Hackensack Meridian Health's Jersey Shore University Medical Center and independent Valley Hospital were among the top 250 hospitals in the nation.

- h. RWJBarnabas Health's Community Medical Center and Children's Specialized Hospital broke ground on a new 86,000 square foot, three-story medical building to be shared by both entities to serve their patients in western Toms River.
- i. Hackensack Meridian Health is launching a pilot "Hospital at Home" program run out of JFK Medical Center in Edison. The program provides eligible patients with many hospital-type services at home, including in-person visits from nurses and therapists, as well as telehealth visits with doctors and other practitioners supplemented by remote monitoring, when applicable. Patients must be within a ten mile radius of JFK Medical Center and meet certain eligibility criteria.

8. Ratings Agency Actions and Publications

- a. Moody's Investors Service Healthcare Quarterly for January 2022 and Kaufman Hall's January 2022 National Hospital Flash Report were provided to Authority Members earlier this week.

9. National Health Care News

- a. The Centers for Medicare & Medicaid Services ("CMS"), is delaying the release of hospital star ratings after identifying an error in the measure of whether hospitals are delivering timely and effective care, specifically whether hospitals are performing duplicative unnecessary scans on patient's abdomens. As a result the star ratings will be pushed back to July from their expected April release date.
- b. A survey of 1,000 hospitals by patientrightsadvocate.com found only 14% of hospitals are fully complying with the federal price transparency rule implemented by CMS effective January 1, 2021.
- c. A number of articles have been provided on challenges facing hospitals with many focused on the high cost of labor or inability to get enough qualified workers. Congress is looking at ways to fix current health care staffing woes.
- d. An article from the Healthcare Financial Management Association (HFMA) warns that health care providers are at a growing risk of violating their debt covenants as a result of the financial strain from COVID-19. Another HFMA article explores five structural defects undermining nonprofit health care.
- e. Two articles are provided criticizing perceived nonprofit health care excesses:
 - i. The nonprofit Lown Institute found nonprofit health care CEO's took home more than 8 times the pay of their average hourly worker without advanced degrees.
 - ii. Research published in JAMA Network Open found that nonprofit hospitals provide less community benefit in 23 out of the 45 states studied

than for-profit hospitals, measured most by hospitals' largest community benefit: unreimbursed Medicaid costs. This challenges the justification that nonprofit hospitals earn their tax advantages by providing more community benefit than for-profits.

10. Bond and Tax Legislation and Regulatory News

- a. A House Ways and Means subcommittee member recently raised the possibility of reinstating advance refunding of municipal bonds, which was eliminated by the 2017 tax act. The issue came as a surprise in that many thought the issue died with President Biden's Build Back Better Act.
- b. Municipal bond trade organizations, including the National Association of Health and Education Facilities Finance Authorities (to which our Authority belongs) are urging the Internal Revenue Service to permanently allow hearings for private activity tax-exempt bonds to be held telephonically. Due to the Covid-19 pandemic, the hearings, known as TEFRA hearings for the law that began requiring them, have been temporarily allowed to proceed telephonically. The issuers argue that the telephonic meetings have provided meaningful opportunity for the public to be heard and should continue to be allowed.
- c. Municipal bonds bearing an environmental, social or governance (ESG) designation are expected to gain a larger share of the municipal bond market according the S&P Global Ratings, with about \$62 billion expected to hit the market in 2022, an increase of 34% over 2021.
- d. Municipal advisory groups have expressed concern that some municipal market participants are conflating bonds labeled ESG with disclosures for ESG risk factors. The Municipal Securities Rulemaking Board (MSRB) has requested information on environmental, social and governance practices in the municipal securities market and some think that the MSRB may seek too broad or irrelevant disclosure for those entities not seeking to have their bonds labeled as ESG.
- e. Several municipal advocacy groups are urging that Congress enact a legislative fix to transitioning away from the London Inter-Bank Offering Rate ("LIBOR"). LIBOR is scheduled to be discontinued in the U.S. in 2023. Approximately \$44 billion of publicly offered municipal securities outstanding are LIBOR based and the discontinuation of LIBOR could have a significant impact on the municipal securities market.

11. Authority News

- a. Mr. Hopkins informed the Members that Bonita, "Bonnie" Kisco passed away on January 25, 2022. Ms. Kisco was a long-time staff member at the Authority and oversaw the Capital Asset Program. She was often spoken of fondly by other long-term staff members and frequently attended retirement celebrations for those

she worked with. Ms. Kisco is survived by her husband of 35 years, Richard Kisco, her son Thomas Dwier and his wife Kerry, and her grandchildren Gavin and Dalton.

- b. Mr. Hopkins reported that Jessica Waite has been promoted to Senior Account Administrator from Account Administrator. Ms. Waite joined the Authority as an Administrative Assistant in 2007, moved up to Assistant Account Administrator and has served as an Account Administrator since March of 2011.
- c. This is Chris Kniesler's last meeting as the Authority's Communications Specialist, as he will be retiring effective Monday after over seven years with the Authority.

4. ADJOURN

Deputy Attorney General Stephanie Gibson asked that the Members identify themselves when making motions or seconding the motions so that the public would know who is making them. Mr. Brown asked if any of the Members had a problem with doing that. There were no objections.

As there was no further business, Mr. Brown asked for a motion to adjourn. Dr. Kazmir made the motion. Mr. Lovell seconded. Mr. Brown asked if there were any questions on the motion. There were no questions. He then called for a vote. All Members voted in the affirmative. The meeting was adjourned 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 FEBRUARY 24, 2022.

Cindy Kline, Assistant Secretary