

Minutes of the New Jersey Health Care Facilities Financing Authority regular meeting held on September 22, 2022 at Forsgate Country Club, 375 Forsgate Drive, Monroe Twp, NJ 08831.

The following *Authority Members* were in attendance:

David Brown II (chairing), Public Member; Dr. Munr Kazmir, Public Member; Bridget Devane, Public Member; Greg Lovell, Designee of the Commissioner of Human Services;

The following *Authority staff members* were in attendance:

Mark Hopkins, Cara Lahr, Bill McLaughlin, John Johnson, William Lohman, Jessica Waite, Michael Solidum, Jessica Rinderer, Nikki Thukral, Frank Troy, Alpa Patel, Ron Marmelstein, Tracey Cameron, Cindy Kline, Diane Johnson, Taryn Rommell, and Taryn Brzdek

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

Stephanie Gibson and George Loeser, Attorney General's Office; Dorian Smith, Governor's Authorities Unit; John Kelly, Wilentz, Goldman and Spitzer; Garrick Stoldt and Alyssa Verderami, Saint Peter's Healthcare;

## **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 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 August 25, 2022 Authority Meeting**

Minutes for the Authority's August 25, 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. 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, except Ms. Devane who abstained. The minutes were approved.

### **2. TEFRA HEARING, INFORMATIONAL PRESENTATION AND CONTINGENT BOND SALE FOR SAINT PETER'S HEALTHCARE SYSTEM**

Mr. Brown announced that the following portion of the meeting would be considered a public hearing in connection with the proposed issuance of bonds on behalf of Saint Peter's Healthcare System. He explained that this hearing was taking place in accordance with the public notice and approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

Mr. Brown introduced Garrick Stoldt, CFO of St. Peter's and said that Mr. Stoldt was present to answer any questions.

Mr. Brown called on Mr. McLaughlin to give the informal presentation.

Mr. McLaughlin reminded those present that at last month's meeting, the Authority approved the use of a negotiated sale in the form of a private placement for St. Peter's University Hospital.

Mr. McLaughlin explained that per the audited financial information for St. Peter's University Hospital ending December 31, 2021, provided in the meeting materials, excess revenues over expenses rose from \$16.43 million in 2020 to \$69.25 million in 2021. From 2020 to 2021, Days Cash on Hand dropped from 195.19 days to 191.14 days, but remains above the statewide median of 185.38 days. Operating margin experienced an increase since 2019, ending at 12.1 times, which lands above the statewide median of 2.32. Debt Service Coverage has steadily increased over the same period from 2.52 times to 6.26 times, which is also above the statewide median of 3.39 times.

Mr. McLaughlin further explained that unaudited six-month interim financial statements ending March 31, 2022 indicate increases in net patient revenues, total operating expenses, and excess revenue over expenses compared to the same period in 2021.

Mr. McLaughlin continued by saying that St. Peter's Annual Inpatient Utilization Trends, included in the meeting materials, indicate an increase in Inpatient Days from 71,476 days in 2020 to 75,778 days in 2021, resulting in a 6.02% increase. Inpatient Admissions and Occupancy Rate have seen similar decreases through 2021, as well as a decrease in Average Length of Stay from 3.29 days in 2020 to 3.17 days in 2021.

Mr. McLaughlin then introduced Mr. Troy, Director of Research, Investor Relations and Compliance, and said that Mr. Troy would now give a review of the Borrower's managerial financial projections.

Mr. Troy gave the following review of the Borrower's managerial financial projections: St. Peter's is currently rated BBB- with a positive outlook by S&P Global. This past April, Moody's Investor Service upgraded St. Peter's to the equivalent Baa3 rating, also with a positive outlook. These ratings are considered investment grade.

With respect to the Statement of Operations which is page 5 in you materials, staff calculated operating margins of 6.6% and 3.0% in 2022 and 2023, respectively. The 2022 margin is close to the most recent S&P Global median for BBB- rated stand-alone hospitals of 6.9%. The EBITDA margins (Earnings Before Interest, Taxes, Depreciation and Amortization) during the forecast

period would be 12.5% and 9.0% which approximate the S& P median of 10% for similarly rated hospitals.

Mr. Troy stated that staff found the projections and management's underlying assumptions to be reasonable. To summarize, staff's analysis suggests St. Peter's would have adequate cash reserves and profitability to generate sufficient funds to meet its debt service requirements during the forecast period. He then returned the presentation back over to Mr. McLaughlin.

Mr. McLaughlin explained that St. Peter's has signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing of approximately \$120 million, the proceeds of which will be used to: 1) (a) currently refund all or a portion of the Authority's outstanding Series 2007 Bonds; (b) currently refund all or a portion of the Authority's outstanding Series 2011 Bonds; (c) reimburse all or a portion of costs of the acquisition of real property located at 7 Wirt Street, New Brunswick, NJ; and (d) pay costs incidental to the issuance and sale of the Series 2022A Bonds.

Currently, Mr. McLaughlin said, St. Peter's has two series of bonds outstanding with this Authority...the Series 2007 and Series 2011 bonds. As of September 1st, 2022, the Series 2007 bonds have an outstanding principal balance of \$55,930,000, and the Series 2011 bonds have an outstanding principal balance of \$60,215,000. The current long term debt ratings for St Peter's are Baa3 by Moody's and BBB- by S&P.

St. Peter's has selected Morgan Stanley Bank, N.A. as the initial purchaser of the 2022 bonds. Further, the Attorney General's Office has assigned Wilentz, Goldman and Spitzer to serve as Bond Counsel for this transaction. Drafts of the core bond documents have been submitted to the Authority in time for this meeting.

Typically, Mr. McLaughlin continued, the Authority requires a traveling investor letter from the bond purchaser when issuing a private placement. The Authority accepts non-traveling investor letters when an initial offering document is prepared, posted on the MSRB's EMMA website, and an agreement to provide continuing disclosure as part of Rule 15c2-12. The borrower has agreed to provide the requested continuing disclosure. However, without an initial offering document, staff has recommended the following changes: 1) the initial purchaser will execute an investor letter in a form acceptable to the Authority, which will prevent the purchaser from selling the bonds to any non-qualified institutional buyer, require them to hold the bonds until St. Peter's next quarterly disclosure is posted on EMMA (unless the next purchaser signs a traveling letter binding them to the same requirements as the initial purchaser), and limit the denominations to no less than \$100,000 if the initial purchaser wishes to sell the bonds before the disclosure of the annual audit, 2) the borrower agrees to post on EMMA the 2022 bond documents, its most recent audited financial statements, and its latest unaudited financial statements, 3) the Borrower provides the Authority and the initial purchaser with Rule 10b5 like assurance reference any material adverse changes to their financial position since the financials were prepared, and representing no

knowledge of any events that would materially adversely impact the borrower, and 4) the bonds are rated and will continue to be rated by one of the three main rating agencies. These conventions were approved in the Authority's St Joseph's 2022 financing earlier this year.

As part of the public TEFRA meeting, said Mr. McLaughlin, members of the public were allowed to provide comments to the Authority via email. As of yesterday's deadline of 9:00 am for comments, the Authority did not receive any written comments.

Mr. McLaughlin said that John Kelly from Wilentz, Goldman and Spitzer would now present the Bond Resolution pertaining to this transaction. He said that following his presentation, he, Mr. Stoldt, Mr. Kelly, or Mr. Troy would address any questions or concerns the Members may have.

Mr. Kelly said that The Bond Resolution authorizes the issuance of the tax-exempt Series 2022A Bonds in an aggregate principal amount not in excess of \$120,000,000 and provides that the Series 2022A Bonds shall have a final maturity date of no later than July 1, 2040. The Bond Resolution provides that the Series 2022A Bonds will bear interest as provided in the Trust Agreement pursuant to which the Series 2022A Bonds will be issued; provided that the true interest cost of the Series 2022A Bonds shall not exceed 5.5% per annum (excluding any adjustment to the true interest cost resulting from a change in the interest rate mode for the Series 2022A Bonds). The Series 2022A Bonds will be subject to redemption prior to maturity as set forth therein and in the Trust Agreement, provided, that the redemption price cannot be greater than 105%, except in the case of any optional "make-whole" redemption of the Series 2022A Bonds or as a result of the required payment of a breakage fee or similar prepayment or redemption charge.

Mr. Kelly also explained that the Series 2022A Bonds will be secured by payments made by St. Peter's University Hospital, Inc. under a Loan Agreement with the Authority. The obligations of St. Peter's under the Loan Agreement with the Authority will be evidenced and secured by a Promissory Note issued by St. Peter's under and pursuant to the provisions of a new Master Trust Indenture and by amounts on deposit in certain funds held by the Bond Trustee pursuant to the Trust Agreement. The Promissory Note will be secured under the Master Trust Indenture by a gross revenues pledge of the Borrower and any future additional members of the Obligated Group. A mortgage on St. Peter's existing acute care hospital facilities located in New Brunswick, New Jersey will be given to the Master Trustee to secure all Obligations issued under the Master Trust Indenture, including the Promissory Note.

Mr. Kelly continued by saying that the Bond Resolution also approves the form of and authorizes the execution of a Bond Purchase Contract with Morgan Stanley Bank, N.A. or one of its affiliates, for the purchase of the Series 2022A Bonds. The Bond Resolution provides that the Bond Purchase Contract must be executed prior to the close of business on December 14, 2022. No initial disclosure document is being prepared in connection with the issuance of the Series 2022A Bonds. However, the initial purchaser will sign an investor letter in the form presented today, with all the transfer restrictions described earlier.

Additionally, Mr. Kelly said, the Bond Resolution approves the form of and authorizes the execution and delivery of (i) the Series 2022A Bonds, (ii) the Trust Agreement for the Series 2022A Bonds, and (iii) the Loan Agreement with St. Peter’s for the Series 2022A Bonds. Further, the Bond Resolution appoints U.S. Bank Trust Company, National Association, as Bond Trustee, Bond Registrar and Paying Agent for the Series 2022A Bonds and 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, the Bond Purchase Contract, the Letters of Instructions, if necessary, and the issuance and sale of the Series 2022A Bonds.

Mr. Brown asked if any Members had any questions. There were none. He then asked if anyone from the public had any comments or questions. There were none.

Mr. Brown asked for a motion to adopt the resolution approving a contingent bond sale on behalf of Saint Peter’s Healthcare System. 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.

Mr. Brown asked Mr. Stoldt if he would like to add anything. Mr. Stoldt thanked the Authority for a job well done.

Mr. Brown said that he now would close the public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended.

#### **AB RESOLUTION NO. 2022-09-A**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled “**A RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY CONTINGENT BONDS, SAINT PETER’S UNIVERSITY HOSPITAL OBLIGATED GROUP ISSUE, SERIES 2022A.**”

*(see attached)*

### **3. AUTHORITY EXPENSES**

Mr. Brown referenced a summary of Authority expenses and invoices provided to the Members in advance. Dr. Kazmir made the motion to approve the expenses. Mr. Lovell 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. 2022-09-B**

**WHEREAS**, the Members of the Authority have reviewed the memoranda dated September 14, 2022 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amount of \$52,388 and \$20, 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.

### **4. STAFF REPORTS**

Mr. Brown stated staff reports were distributed to the Members for review before the meeting, and asked if there were any questions, to which there were none.

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

Mr. Hopkins' reported as follows:

1. The Authority will be holding a special meeting next Thursday, September 29, 2022 at 10:00 a.m. to consider the creation of a Forgivable Loan Program for upgrades to Family Planning Facilities in New Jersey. Funding for this program will be achieved by utilizing a \$10 million grant-in-aid appropriated in the State's 2023 Fiscal Year Budget. A proposed resolution with loan terms, eligibility criteria and forgiveness conditions will be presented for consideration next Thursday along with a proposed Memorandum of Agreement with the Department of Health about same. Drafts of those documents will be distributed to the Authority Members early next week.
2. Coronavirus
  - a. President Biden, during an interview with 60 Minutes, said the COVID-19 "pandemic is over. We still have a problem with COVID. We're still doing a lotta work on it." COVID cases deaths in the United States are indeed down with fewer than an average of 70,000 cases and 464 deaths a day on the interview air date. The World Health Organization said that the pandemic is winding down. Nevertheless, the U.S. Department of Health and Human Services is set to renew its declaration of the Public Health Emergency due to COVID for the 11th time on October 13th. Several public health officials have expressed concern about the President's comments, fearing they might discourage people from

getting the vaccine and taking precautions while COVID is still quite active in the U.S. The new bivalent vaccines from Pfizer BioNTech and Moderna recently became available and were designed and have been demonstrated to provide significant protection from the currently dominant Omicron variant and earlier variants.

3. New Jersey Hospital News

- a. Capital Health's proposed agreement to purchase St. Francis Medical Center in Trenton from a subsidiary of Trinity Health contains a plan to close St. Francis but temporarily keep a satellite emergency department and a few other services on site. Capital's plans also include moving most of the services currently provided by St. Francis to Capital Health's campus in Trenton. Capital states that it will eventually open a new satellite emergency department near the St. Francis campus which may also house other outpatient services. The proposed acquisition will need regulatory approval from the Department of Health and the Attorney General's office.
- b. Cape Regional Medical Center ended maternity and obstetric services on September 10th. The hospital stated the cause for the closure of the services is an inadequate supply of obstetricians and gynecologists in Cape May County. It is working with AtlantiCare and Shore Medical Center to provide those services to Cape May County residents.
- c. The Bayonne City Council is again considering using eminent domain to acquire the land and building of Bayonne Medical Center. The real estate of Bayonne Medical Center is owned by an affiliate of Hudson Regional Hospital but the operations are owned by an affiliate of CarePoint Health. Hudson Regional Hospital would like to take over the operations of the hospital but CarePoint has been trying to sell the hospital operations to BMC Hospital, LLC, formed by three principals of SurgiCore, an ambulatory surgery center company. Extensive litigation has delayed any transfer of the operations. The city council previously considered eminent domain in 2021 but the matter was tabled several times and voted down others. The composition of the city council changed with the May 2022 election.
- d. CarePoint Health has filed a suit against RWJBarnabas Health alleging that it conspired with others to put CarePoint into insolvency in order to destroy competition and create a virtual monopoly for itself in Hudson County by shutting down CarePoint's Bayonne Medical Center and Christ Hospital and acquiring Hoboken University Medical Center. An RWJBarnabas Health spokesperson called the lawsuit baseless.
- e. Cooper Health announced a \$2 billion expansion of its campus in Camden. The hospital plans to add three clinical buildings over the next ten years. The first building to be constructed will be used for clinical care and education. Later, there will be 100 private inpatient rooms added, bringing Cooper's total to 745 beds.

- f. Robert Wood Johnson University Hospital and Rutgers Robert Wood Johnson School of Medicine are launching a Center for Innovation. It will bring together clinicians, researchers and private industry to invent and develop new health care technologies with the ultimate goal to develop innovative clinical trials that yield medical breakthroughs to improve preventive care and health outcomes for patients.
- g. RWJBarnabas Health has appointed Stephen Barry to the new role of Executive Vice President of Facilities Management and Real Estate Development. The role was created, in part, to focus on expanding the system's ambulatory footprint and increasing health care access. He will also oversee all major construction projects for the system. Mr. Barry comes from Rendina Healthcare Real Estate, where he served as president.
- h. University Hospital's former Diversity and Inclusion Officer Dr. Chris Pernell, alleged that racism pervades the hospital. She left University Hospital on September 2nd. She was considered by many a leading candidate to replace former CEO Dr. Shereef Elnahal, who left last spring to become the Under Secretary for Health at the Veterans Health Administration. She alleged many of the executives at University Hospital bristled at her efforts to improve diversity and inclusion and retaliated against her for expressing her interest in the CEO position.
- i. Virtua Voorhees Hospital and RWJBarnabas Health's Cooperman Barnabas Medical Center in West Orange and Monmouth Medical Center in Long Branch have adopted a national model focused on shared decision making to improve patient outcomes and experience during the birthing process. Called TeamBirth, the model was developed by Ariande Labs, a joint center for health systems innovation at Brigham and Women's Hospital and the Harvard T.H. Chan School of Public Health.

### 3. Ratings Agency Commentaries

- a. A Fitch Solutions Commentary on the Inflation Reduction Act, recently signed into law by President Biden, noted that it will reduce health care spending over the long-term and expand health care coverage, particularly for Medicare beneficiaries.
- b. A Fitch Ratings Wire observes that mitigating cyber risk will add to cost pressures for nonprofit hospitals, which are subject to increasing frequency and severity of cyber-attacks.
- c. An S&P Global Ratings comment observes that 2021 nonprofit acute health care medians were strong but much of that was due to COVID-19 relief funding aided by net patient service revenue rebounding. However, the cushion built is likely to be needed as the sector is about to face a challenging period due to wage and other inflationary pressures.

### 4. National Health Care News

- a. An Associated Press-NORC Center for Public Affairs Research poll found that fewer than 50% of Americans say that health care is generally handled well. Only 12% say it is handled very well or extremely well. Even lower marks were given to prescription drug costs, nursing homes and mental health care. A significant percentage of Americans are at least moderately concerned about getting access to quality health care, with larger percentages of Black and Hispanics concerned, with nearly 60% saying they are very or extremely concerned, while only 44% of whites expressed the same concern. About 40% of Americans want a single-payer health system with 58% saying there should be a government health insurance plan that anyone can purchase.
- b. Peterson-KFF Health System Tracker, using data from the U.S. Bureau of Labor Statistics, found that health care prices year over year as of July 2022 increased only 4.8% while the overall Consumer Price Index increased by 8.5%. Health care costs typically have exceeded other cost increases in recent years. The authors observe that inflation may soon lead to higher health care costs and steeper health insurance premium increases.
- c. A Kaufman Hall report commissioned by the American Hospital Association estimates anywhere from 53% to 68% of hospitals will end the year with negative operating margins, due primarily to continued rising expenses in 2022, especially for labor. Hospital executives predicted service line cuts and hospital closures as a result.
- d. New Jersey had the eighth largest increase in travel nurse pay in 2022 at 7.89% from an average weekly pay of \$3,258 to \$3,537. Delaware ranked highest at 18.18%. Florida had the biggest reduction in travel nurse pay, falling 40.91%. The use of travel nurses increased significantly due to the pandemic, with hospitals needing to quickly increase staff. The trend snowballed when over-extended permanently-employed nurses opted to become travel nurses for more flexibility and/or higher pay.
- e. Kaiser Health News reports that a growing number of hospitals are forming independent nonprofit clinics that are known as federally qualified health center look-alikes. The hospitals then outsource unprofitable outpatient primary care services to these clinics, which receive higher reimbursements from Medicare and Medicaid, thereby reducing hospital losses. St. Luke's University Health Network's Star Community Health in Pennsylvania is cited as one example.
- f. One percent of Medicaid beneficiaries accounted for 25% of the Medicaid budget in 2020. Referred to as "super-utilizers," these patients averaged \$260,000 per person in 2020. Medcity News posits that targeted interventions for this population will go a long way toward reducing the exorbitant costs of health care in the United States, which is twice that of the next highest industrialized nation despite poorer outcomes in several areas. The article cites the Camden Coalition as an extraordinarily successful example where comprehensive health care

delivery and social support reduced the health care costs of the super-utilizers.

- g. Medicare is boosting incentives for hospitals to report data to public health agencies, through the Medicare Promoting Interoperability Program. The rule, which takes effect on October 1st, provides greater financial incentives to hospitals to provide information about patient illnesses, injuries and treatments to state and local health departments through their electronic health records systems, providing quicker and more efficient sharing of information. The information helps public health agencies identify health threats and inequities. The COVID pandemic highlighted the need for this information quickly.

#### 5. 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 75 basis points to the range of 3.00% to 3.25% in a continued effort to rein in inflation. That is a total of 225 basis point increase in the last four months. Indications are that the FOMC might be willing to raise the target interest rate as high as 4.4% to 4.6% in the future if the increases so far do not result in reducing inflation.
- b. The Securities and Exchange Commission (“SEC”) has filed litigation against Oppenheimer & Co. and announced settlements with BNY Mellon Capital Markets, TD Securities and Jefferies for failing to comply with municipal bond officer disclosure requirements for bonds sold under the limited offering exemption from to full disclosure requirements normally required under SEC Rule 15c2-12 and Municipal Securities Rulemaking Board Rule G-27. The exemption applies to limited offerings of bonds to no more than 35 investors who are considered “sophisticated” and only if the minimum denominations are \$100,000 or more. The underwriters were alleged to have failed to have policies and procedures in place to ensure purchasers satisfied the exemption requirements. Former New Jersey Attorney General Gurbir Grewal is quoted in his new position as Director of the Division of Enforcement at the SEC.

#### 6. Authority News

- a. Assistant Account Administrator Taryn Brzdek celebrated her 10th anniversary at the Authority on September 10.

Mr. Brown thanked Mr. Hopkins for his report. He then turned the remainder of the meeting over to Executive Director Mark Hopkins, who became the host of the Authority’s 50th Anniversary Symposium. There were no further items on the agenda requiring any action by the Authority Members but they were encouraged to participate with any questions. At approximately 11:00 a.m. the following health care executives, underwriters, counsel and bond analysts joined the meeting for the Symposium: Jan Blazewski, Raymond James; Ellen Cannarsa, Vanguard; Brian Carter, PFM Financial Advisors; Christopher Caulfield, St. Joseph’s Healthcare; Daniel Chazen

and Katherine Meyers, Citibank; Kay Driebe, AHS Hospital System; Lee Gordon, Valley Health System; Richard Hand, Hackensack Meridian Health; Gary Huck, University Hospital; Zach Jay, T. Rowe Price; Scott Kobler, Kevin Quinn and Rich Myslinski, McCarter & English; Gerry Lowe, Virtua Health; Joan Marron, Morgan Stanley; Christopher McCann, JPMorgan; Marguerite Pedley, Penn Medicine Princeton Health; Chuck Toto, Hawkins Delafield & Wood; John Torley, Hunterdon Medical Center

## **5. 50TH ANNIVERSARY PRESENTATION ON AN OVERVIEW AND THE HISTORY OF THE AUTHORITY**

Mr. Hopkins gave a presentation on an overview and history of the Authority, and then introduced Brian Carter of PFM Financial Advisors.

## **6. PRESENTATION BY PFM FINANCIAL ADVISORS ON THE EFFICACY OF FINANCING THROUGH THE AUTHORITY**

Brian Carter of PFM Financial Advisors gave a presentation on the efficacy of financing through the Authority.

## **7. KEYNOTE ADDRESS BY THE COMMISSIONER OF HEALTH ON THE 50TH ANNIVERSARY OF THE AUTHORITY**

Mr. Hopkins introduced Ms. Persichilli. Ms. Persichilli gave a keynote address on the 50<sup>th</sup> anniversary of the Authority.

## **8. PANEL DISCUSSION AMONG SENIOR MANAGING UNDERWRITERS**

Mr. McLaughlin introduced the panel of Senior Managing Underwriters Joan Marron of Morgan Stanley, Christopher McCann of JPMorgan and Katherine Meyers of Citibank. Mr. McLaughlin moderated the discussion. Topics included:

- Interest rate outlook
- Limited capital access for stand-alone hospitals now and/or in the future?
- Prospects for increased reporting for weaker NFP hospital/health system credits (similar to the senior living sector)
- ESG disclosure vs. ESG designation
- Trends in Disclosure
- Trends in taxable vs. tax-exempt bonds
- NJHCFFA's Senior Underwriter selection process.
- NJHCFFA's net designation policy

## **9. PANEL DISCUSSION AMONG BOND COUNSEL, UNDERWRITER'S COUNSEL AND BORROWER'S COUNSEL**

Mr. Troy introduced the panel of counsel, consisting of bond counsel, underwriter's counsel, and borrower's counsel featuring, respectively, John Kelly of Wilentz, Goldman, & Spitzer, Charles Toto of Hawkins, Delafield, & Wood, and Scott Kobler of McCarter & English. Mr. Troy moderated the discussion. Topics included:

1. Covenants
  - Authority Early Warning Covenants
  - Trends in MTI Covenants
2. M&A Landscape
  - Historic experience in NJ
  - Trends in FTC actions
  - Separation after coming together
3. Trends in Disclosure and SEC Enforcement Actions
4. Impact of ESG
  - History with Sandy
  - COVID-19 pandemic
5. Advance Refundings and Alternatives
  - Little chance of legislative relief
  - Forward deliveries
  - Cinderella bonds

Mr. Hopkins made closing remarks.

## **5. ADJOURN**

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 3:38 p.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 SEPTEMBER 22, 2022.

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Ron Marmestein, Assistant Secretary