

Minutes of the New Jersey Health Care Facilities Financing Authority regular Meeting held on January 26, 2023 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following *Authority Members* were in attendance:

Bridget Devane, Public Member; and via telephone, Robin Ford, Designee of the Department of Health (Chairing); Manny Paulino, Designee of the Commissioner of Banking and Insurance; Greg Lovell, Designee of the Commissioner of Human Services; Dr. Kazmir and Tom Sullivan, Public Members

The following *Authority staff members* were in attendance:

Mark Hopkins, Alpa Patel, Taryn Rommell, Frank Troy, Cindy Kline, Michael Solidum, Bill McLaughlin; and via telephone, Edwin Fuentes

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

Stephanie Gibson, Attorney General's Office; Dorian Smith, Governor's Authorities Unit; Kaitlyn Wojtowicz, Planned Parenthood Action Fund of NJ; and, via telephone, Erica Holmes, Department of Health; John Kelly, Wilentz, Goldman, & Spitzer;

## **CALL TO ORDER**

Executive Director Mark Hopkins 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.

Mr. Hopkins recommended that in the absence of the Chair and Vice Chair, that a Chair pro tem be named. Dr. Kazmir nominated Robin Ford to serve as Chair pro tem for the January 26, 2023 meeting and Mr. Sullivan seconded. Mr. Hopkins called for a vote. All Members voted in the affirmative and the motion carried.

Ms. Ford reminded Members on the phone to identify themselves before making or seconding a motion.

### **1. APPROVAL OF MINUTES December 15, 2022 Authority Meeting**

Minutes for the Authority's December 15, 2022 Meeting were distributed for review and approval prior to the meeting. Ms. Ford asked for a motion to approve the minutes. Dr. Kazmir made the motion. Mr. Lovell seconded. Ms. Ford asked if there were any questions or comments on the

motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the minutes were approved.

## **2. AMENDMENTS TO BOND DOCUMENTS FOR LIBOR TRANSITION Hunterdon Medical Center 2014D & 2020B Bonds**

Ms. Ford called upon Edwin Fuentes to explain the reasons for amending the bond documents for the Hunterdon Medical Center 2014D and 2020B Bonds.

Mr. Fuentes began by stating staff is requesting that the Members approve a resolution entitled ‘Resolution Of The New Jersey Health Care Facilities Financing Authority Authorizing Certain Amendments To The Trust Agreements Relating To Its Outstanding Refunding Bonds, Hunterdon Medical Center Obligated Group Issue, Series 2014B-D And Series 2020B, And Entering Into Two First Supplemental Trust Agreements In Connection Therewith’ (the “Resolution”).

According to Mr. Fuentes, on June 30th of 2023, the USD London Interbank Offered Rate, 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 as bond counsel at this Authority’s June 2022 meeting. At last month’s meeting, the Authority approved amendments for both Hackensack Meridian and Princeton Healthcare. Today, Hunterdon Medical Center requests approval of amendments to their affected series of bonds.

Mr. Fuentes explained that the Hunterdon Medical Center Obligated Group Issue, Series 2014D, and Series 2020B bonds issued by this Authority have approximately \$3,336,024, and \$33,416,000 outstanding, respectively. The Series 2014D Bonds and the Series 2020B Bonds bear interest at a variable rate which is reset monthly. Both Series use LIBOR as the index rate to determine the monthly resets. Hunterdon Medical Center and TD Bank, N.A., the purchaser and current owner of all of the Series 2014D Bonds and Series 2020B Bonds, have agreed to use the secured overnight financing rate known as SOFR as the replacement index rate on those two series of bonds. They now seek to amend the respective Trust Agreements pursuant to which those two series of bonds were issued in order to implement the change.

Mr. Fuentes then introduced John Kelly of Wilentz, Goldman, and Spitzer, Bond Counsel, to present the resolution authorizing the amendments. He concluded by saying 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 respective Trust Agreements relating to the Series 2014D Bonds and the Series 2020B Bonds which have been previously described, the Resolution provides for the adoption and approval by the Authority of a First Supplemental Trust Agreement to the Trust Agreement for the Hunterdon Medical Center Obligated Group Issue, Series 2014B-D Bonds, as well as a First Supplemental Trust Agreement to the Trust Agreement for the Hunterdon Medical Center Obligated Group Issue, Series 2020B 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 First Supplemental Trust Agreements.

Ms. Ford asked for a motion to approve a resolution to amend the bond documents on behalf of Hunterdon Medical Center 2014D & 2020B Bonds. Dr. Kazmir made the motion. Mr. Lovell seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the motion was approved.

### **AB RESOLUTION NO. 2023-1-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 AGREEMENTS RELATING TO ITS OUTSTANDING BONDS, HUNTERDON MEDICAL CENTER OBLIGATED GROUP ISSUE, SERIES 2014B-D AND SERIES 2020B, AND ENTERING INTO TWO FIRST SUPPLEMENTAL TRUST AGREEMENTS IN CONNECTION THEREWITH”**

*(attached)*

### **3. APPROVAL OF SECOND ROUND OF FAMILY PLANNING FACILITY FORGIVALBE LOAN APPLICATIONS**

Ms. Ford called upon Mark Hopkins to present the recommendation that two (2) organizations be approved for loans for eight (8) facilities in the total amount of \$3,675,000.

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 stated that on December 15, 2022, the Authority Members approved \$6,076,438 in forgivable loans for nine organizations at 24 facilities providing family planning services or reproductive health services. As there remained a little more than \$3.9 million of the appropriation, the Loan Evaluation Committee determined it would open a second round of applications with a deadline of January 6, 2023. Loan applications were timely received from five health care organizations relating to 12 facilities that provide family planning or reproductive health services, including one reapplication from the first round. The total amount applied for in the second round was \$4,821,539. The Loan Evaluation Committee, consisting of two Authority employees and two subject matter experts from the Department, met on January 12, 2023 after independently reviewing and scoring each of the applications from the second round.

Mr. Hopkins informed Members that the Loan Evaluation Committee is recommending that two organizations be approved for loans for eight facilities in the total amount of \$3,675,000, as further detailed below. Each of the organizations receiving the Loan Evaluation Committee's recommendation are being recommended in the full amount of the organization's request. The Loan Evaluation Committee decided not to recommend: (i) the resubmitted application from Metropolitan Surgical Associates ("MSA") as it was unable to provide audited financial statements which is of particular importance because it had significant financial transactions/relationships with at least two related parties that have ownership interests in MSA; (ii) Health Unity Group as they do not have a license from the New Jersey Department of Health because they are an out-of-state business that started operating in September 2022 providing only limited telemedicine services, HIV/STI testing, and pharmacy services, provided an incomplete application, and provided a project budget that appeared unrealistic; (iii) South Orange OBGYN & Infertility Group because they do not have a license from the New Jersey Department of Health, provided an incomplete application, and failed to resubmit some of the required information despite a request from the Committee; and (iv) Zufall Health Center's application for a Mobile Medical Van because the project cannot be completed until June 2024.

Mr. Hopkins noted, on behalf of the Loan Evaluation Committee, he would be recommending that the following organizations be approved for loans 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 (7 applications for 7 facilities: Camden \$750,000, Delran \$200,000, Elizabeth \$295,000, Flemington \$200,000, Hackensack \$650,000, Hamilton \$200,000 and New Brunswick (moving to Somerset) \$750,000) Total: \$3,045,000
- Zufall Health Center – Somerville \$630,000

Mr. Hopkins explained that descriptions of each project were provided with memo distributed to the Authority Members with the meeting materials last week along with a proposed resolution approving each loan and authorizing execution of Loan Agreements for each loan.

Mr. Hopkins concluded by stating that the Loan Evaluation Committee recommends approval of said resolution approving the second round of Family Planning Facilities Upgrades Forgivable Loans described above and identified therein. Erica Holmes, Taryn Rommell or he would be happy to answer any questions.

Ms. Ford 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. Mr. Sullivan seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the motion was approved.

#### **AB RESOLUTION NO. 2023-1-B**

**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 FACILITIES**”

*(attached)*

#### **4. 2023 DEBT MANAGEMENT PLAN**

Ms. Ford asked Bill McLaughlin to present the Authority’s 2023 Debt Management Plan to the Members.

Mr. McLaughlin informed the Members that under Executive Order No. 26 (Whitman), the Authority is required to prepare an annual Debt Management Plan and submit it to the Treasurer. The Debt Management Plan for 2023, which has been distributed to the Members, reflects financings which were completed during 2022 and identifies three (3) bond financings that are anticipated for 2023, along with a description of each project, the anticipated issue size, security, expected ratings and a proposed method of sale.

According to Mr. McLaughlin, there is no anticipated activity for either the Master Lease Program, Composite Program or the Equipment Revenue Note Program. Also, the proposed plan excludes Capital Asset Program (CAP) loans, since these transactions do not involve the issuance of new debt.

Mr. McLaughlin stated that as in prior years, the total market volume for 2023 is subject to change, depending on market conditions and borrowers’ preferences.

He concluded by asking Members for approval of the proposed plan and authorization to submit it to the State Treasurer.

Ms. Ford asked for a motion to approve the Authority’s 2023 Debt Management Plan. Dr. Kazmir made the motion. Mr. Lovell seconded. Ms. Ford asked if there were any questions or comments

on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the motion passed.

### **AB RESOLUTION NO. 2023-1-C**

**WHEREAS**, the Members of the Authority have reviewed the memorandum dated January 18, 2023 regarding the 2023 Debt Management Plan.

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby approves a motion to adopt the proposed 2023 Debt Management Plan and submit it to the State Treasurer in accordance with the requirements of Executive Order No. 26.

#### **5. AUTOMATION OF TRUSTEE HELD FUNDS GENERAL LEDGER ACCOUNTING CONTRACT EXTENSION**

Ms. Ford called on Alpa Patel to present the request for the automation of trustee held funds general ledger accounting contract extension.

Ms. Patel began by reminding Members that at the April 28, 2022 Board meeting, the members approved the appointment of Admiral Consulting Group to implement the automation of Trustee Held Funds General Ledger Accounting. The Authority's contract with Admiral expired in December 2022. In Article III, Section B of the contract, it states that, "the Authority at its sole option, may offer to extend the terms of this Agreement for up to an additional one year period for post implementation maintenance and support. In the event the Agreement is extended, all of the original terms will remain in effect for the extended period which would include the hourly fees that are listed for post implementation support as indicated in the Proposal." Admiral has indicated that they are willing to extend the contract for the one year extension period through December 2023 at the original terms.

Ms. Patel stated that staff is asking the Member's consideration in extending the agreement for the additional one-year extension through December 2023. The members have approved \$10,175 for this purpose in the 2023 Cash Budget.

Ms. Patel concluded by saying that Michael Solidum, Ron Marmelstein, or she would be happy to answer any questions. There were no questions.

Ms. Ford asked for a motion to approve the one-year contract extension with Admiral. Dr. Kazmir made the motion. Mr. Sullivan seconded. Ms. Ford 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. 2023-1-D**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby approves the automation of trustee held funds general ledger accounting contract extension with Admiral Consulting Group for one year.

#### **6. NOMINATION AND SELECTION OF A HIRING COMMITTEE**

Ms. Ford informed Members that Mark Hopkins will be retiring this Spring and made a motion to nominate David Brown, Ryan Feeney, and herself to serve on the hiring committee to solicit interest, review resumes, and perform initial interviews for candidates for the position of Executive Director. Ms. Ford added that due to Authority rules no more than two Members of the Authority can be on any committee without it having to be open to the public. With that said, the Members will get the opportunity to meet the final candidates before a replacement is selected. Dr. Kazmir seconded the motion. Ms. Ford asked if Members had any questions on the motion. There were no questions. All Members voted in the affirmative and the motion was approved.

#### **AB RESOLUTION NO. 2023-1-E**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby approves the nomination David Brown, Ryan Feeney, and Robin Ford as the hiring committee to solicit interest, review resumes, and perform initial interviews for candidates for the position of Executive Director for the Authority.

#### **7. AUTHORITY EXPENSES**

Ms. Ford referenced a summary of Authority expenses and invoices provided to the Members. Dr. Kazmir made the motion to approve the expenses. Mr. Lovell seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford 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. 2023-1-F**

**WHEREAS**, the Members of the Authority have reviewed the memoranda dated January 18, 2023 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amount of \$60,899.50 and \$127,044.86, 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.

## **8. STAFF REPORTS**

Ms. Ford thanked staff for the Project Development Summary and Cash Reconciliation Report.

Ms. Ford then asked Executive Director Hopkins to present his Executive Director's report.

Mr. Hopkins reported the following:

1. In June of 2007 the Authority adopted Resolution No. HH-28 which lowered certain Authority fees but created an automatic annual adjustment to the amount of bonds that would be subject to the Authority's initial fees and annual fees (the "fee cap"). The resolution called for the adjustment of the fee cap commensurate with the change in the average of the Consumer Price Index for all Urban Consumers ("CPI-U") in the New York City and Philadelphia regions, rounded to the nearest million. In September 2016, the Authority Members readjusted the Authority's fee structure and eliminated the fee cap for annual fees and increased the fee cap for initial fees to apply to up to \$100,000,000 of each financing. At that time the Authority Members also approved postponing any adjustment of the fee cap for initial fees until January of 2018. As a result of the average relevant CPI-U increases, the amount of bonds upon which the initial fee would be collected increased to \$101,200,000 in 2018, \$102,500,000 in 2019, \$104,400,000 in 2020, \$105,800,000 in 2021 and \$109,700,000 in 2022. For the twelve-month period ending December 31, 2022, the CPI-U in the New York City region increased 6.10257% and in the Philadelphia region increased 7.85571%, for an average increase of 6.97914%. Therefore, with rounding to the nearest \$100,000, the initial fee of 2.5 basis points will now be collected on the first \$117,400,000 in bonds issued by the Authority, or a maximum of \$29,350. Per series fees shall continue to be \$10,000 for each series.
2. The Authority provided \$183,215,000 in bond financings in 2022 to three (3) separate borrowers over three series of bonds. The financings included \$37,880,000 of tax-exempt new money bonds for St. Joseph's Healthcare System; \$39,410,000 in refunding "Cinderella" bonds (bonds issued as taxable and are convertible to tax exempt at a later date) for St. Luke's Warren Hospital; and \$105,925,000 in tax-exempt bonds for Saint Peter's University Hospital (primarily comprised of refunding bonds with a small new money component).

The weighted average all-in true interest cost on the new money bonds issued on behalf of: St. Joseph's Healthcare System was 3.77%, creating an estimated present value savings of \$3,016,572 compared to a taxable financing; and Saint Peter's University Hospital all-in cost was 5.37%, creating an estimated present value savings of approximately \$10 million compared to a taxable financing. The St. Luke's Warren Hospital financing, which was initially issued as a taxable transaction, had a weighted average all-in true interest cost of 2.14%, resulting in \$9,023,776.19 in present value savings when compared to the bonds that were refunded.



The Federally Qualified Health Center Loan for Neighborhood Health Services Corp. was increased by \$120,000 in the fall of 2022 to a then outstanding balance of \$299,607. There were no Equipment Revenue Notes or Master Leases issued in 2022. There were no new financings through the Capital Asset Program in 2022. Loans under the Capital Asset Program averaged an interest rate of 2.89% for calendar year 2022.

3. According to the unaudited year-end numbers, the Authority's 2022 expenses came in at \$3,126,851, which was 20.29% below budget and 1.37% above 2021 expenses (2022 expenses included a payment of \$36,784.25 for the consultant (Admiral Consulting Group) to create a Trustee-held funds accounting system). The Authority's revenues came in at \$4,429,824 which was 1.14% above budget and 6.19% above 2021 revenues. The Authority's receipts over disbursements came in at \$1,302,973, which is \$845,684 above budget and \$216,009 more than 2021.
4. Authority Members yesterday should have received two disclosure forms to be filled out by February 10<sup>th</sup>. The "Personal and Business Relationships Disclosure Form" is required pursuant to New Jersey Statute 52:34-10.11 for anyone, including Authority Members and Staff, involved in the procurement process. The "Annual Outside Activity Questionnaire" is required pursuant to the State's Uniform Code of Ethics. Please feel free to consult Robin Piotrowski, the Authority's Human Resources Manager and Ethics Liaison Officer, if you have any questions.
5. New Jersey Hospital News
  - a. On December 16<sup>th</sup>, 2022, Inspira Health acquired the assets of Salem Medical Center. The State supported the deal with a \$25 million appropriation to provide Salem Medical Center with updated medical and communications infrastructure. The acquisition included the hospital building, an ambulatory surgery center and physician offices. The facility will now be known as Salem Medical Center, an affiliate of Inspira Health.
  - b. On December 21<sup>st</sup>, Capital Health completed its acquisition of St. Francis Medical Center. 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.
  - c. Additional articles were provided this week on the intent of Cooper University Health Care and Cape Regional Health System to merge, which was announced on December 14<sup>th</sup>. The parties are hoping to reach a definitive agreement in March and begin seeking the necessary regulatory approvals, which they said could take until 2024.
  - d. CarePoint Health and Alaris Health have reached a settlement in their lawsuit over Bayonne Medical Center. Alaris Health owner Avery Eisenreich purchased the

property of Bayonne Medical Center from a subsidiary of Medical Properties Trust in November of 2019 just as CarePoint was negotiating with a proposed purchaser of the operations at Bayonne Medical Center. The property was subsequently sold to an affiliate of Hudson Regional Hospital. The terms of the settlement are confidential. CarePoint and the Hoboken Municipal Hospital Authority (the HMHA) also reached a settlement in their lawsuit, with the HMHA gaining seats on several CarePoint entity boards.

- e. University Hospital in Newark has announced the hiring of Ed Jimenez as its president and CEO. Mr. Jimenez was born and raised in New Jersey and previously served as assistant vice president at St. Joseph's Health in Paterson. However, he has most recently been CEO of UF Health Shands Hospital in Gainesville, Florida. University Hospital also announced the hiring of Maria Brennan as the new chief nursing officer and McKenzie Wilson as the new chief legal officer and corporate secretary. Mary Maples, the former chief legal officer, who had been serving as interim CEO since the departure of Shereef Elnahal, is moving on to an opportunity outside University Hospital.
- f. Trinitas Regional Medical Center has announced CEO Gary Horan will be retiring on April 14<sup>th</sup> after more than 21 years at the helm. He most recently oversaw the merger of Trinitas into RWJBarnabas Health.
- g. Kevin Slavin announced he would be retiring as St. Joseph's Health president and CEO at the end of 2023, after 42 years of health care leadership in New Jersey, including a stint as CEO of East Orange General Hospital. A comprehensive national search has begun for his replacement.
- h. ROI-NJ published an extensive interview with Barry Ostrowsky, who retired as president and CEO of RWJBarnabas Health on December 31, 2022. He discussed his early support for health care organizations addressing social determinants of health before it became a popular concept. Mr. Ostrowsky was CEO of RWJBarnabas Health and its predecessor for 10 years. He oversaw the merger of two premier health systems to create arguably the largest health system in New Jersey. Prior to becoming CEO, he served 20 years in various health care executive positions.
- i. As previously announced, Mark Manigan succeeded Barry Ostrowski as CEO of RWJBarnabas, and Frank Pipas was announced as new Executive Vice President and CFO. Mr. Pipas had previously served since 2018 as Executive Vice President of Finance at Hackensack Meridian Health, where he had previously served in other financial leadership positions since 2002. He also worked in financial positions at Somerset Medical Center and Liberty HealthCare System after being a Senior Auditor at Ernst & Young.
- j. Authority staff has recently learned that Bill Pelino will become CFO at Inspira Health Network. Mr. Pelino has been CFO at CarePoint Health for the past several

years. He succeeds Interim CFO Dominic Segalla who filled the role after Tom Baldosaro left Inspira last year.

- k. RWJBarnabas Health's Monmouth Medical Center has completed acquisition of a 36-acre site at the former Fort Monmouth in Tinton Falls. In the first phase, Monmouth Medical Center plans to construct a 138,000 square foot cancer center and ambulatory care pavilion on the site. The second phase of development will depend on market demand and community needs.
- l. CentraState Medical Center suffered a cybersecurity breach at the end of last year and had to halt admissions and divert patients for several days thereafter. The details of the cybersecurity issue were unclear when reported by NJ.com on January 3, 2023.
- m. Saint Peter's Health Care System is growing its focus on external health factors commonly referred to as social determinants of health. Its Family Health Center, one of four facilities in the State designed to manage conditions largely influenced by social determinants of health, is undergoing a \$12 million expansion that is set to be completed before the end of the year with the goal to increase visits from the current 60,000 per year to 100,000 per year over the next five years.
- n. AtlantiCare is partnering with Cheney University of Pennsylvania, a historically Black college, to expand student learning and career opportunities. It aims to create a more diversified health care workforce and help achieve greater health equity in the communities AtlantiCare serves and the larger health care universe. 25 Cheney life sciences and technology students participated in a week-long immersive learning opportunity with the AtlantiCare team over their winter break. Similar programs will continue through August.
- o. Joseph Cacchione, the new CEO of Thomas Jefferson University, is creating three divisions of Jefferson Health based on geographic regions: the North Region (primarily northern suburbs of Philadelphia), Central Region (primarily Philadelphia) and East Region (consisting of Jefferson's three New Jersey hospitals, which were formerly the Kennedy Health System). Each region will have its own president. Jefferson Health grew from three hospitals in 2015 to 18 hospitals in 2021. It has experienced operating losses in two of the last three years.
- p. Nine New Jersey hospitals were named in Healthgrades top 250 hospitals in the country. Atlantic Health System's Morristown Medical Center and Overlook Medical Center were in the top 50. Valley Hospital was in the top 100 hospitals. Included in the top 250 hospitals were Hackensack Meridian Health's Hackensack University Medical Center, Jersey Shore University Medical Center and Bayshore Medical Center, and RWJBarnabas Health's Cooperman Barnabas Medical Center, Penn Medicine's Princeton Medical Center and Atlantic Health System's Chilton Medical Center.

- q. St. Joseph’s University Medical Center in Paterson had the fifth most emergency department visits in the country in 2021 with 150,615 visits. Morristown Medical Center ranked 37<sup>th</sup> with 93,362 visits.
- r. Cooper University Hospital in Camden was the 10<sup>th</sup> largest independent hospital in the United States with 564 beds.

## 6. Ratings Agency Actions and Publications

- a. Moody’s Investors Service upgraded the ratings on bonds issued on behalf of Cooper Health System from “Baa1” to “A3.” It simultaneously revised its outlook from “Positive” to “Stable.”
- b. Moody’s Investors Service affirmed its rating of “A2” to approximately \$439 million in bonds issued by the Authority on behalf of Inspira Health Network but revised its outlook to “Stable” from “Positive.”
- c. In a December report S&P Global Ratings downgraded its view of the nonprofit health care sector to negative, noting that persistent operating pressures, such as sustained labor cost increases, and investment market volatility will make recovery for nonprofit health care entities take several years.

## 7. New Jersey Health Care News

- a. Faculty from the Hackensack Meridian School of Medicine has published a paper in the journal Children concluding that its community-academic partnership, called COVID Support Our Schools (“COVID SOS”), helped underserved communities during the pandemic and its benefits could help with community health outreach beyond the pandemic. COVID SOS provided a team of eight medical students supervised by a faculty physician to 11 underserved school districts to meet with school leadership approximately once a month to provide the latest in COVID-19 research and developments to help the schools open safely. The schools also had access to the medical school’s COVID advisory board, which hosted regular question and answer sessions as frequently as weekly, depending on COVID trends. A survey of the schools gave the program high marks.
- b. A recent progress report shows that the five-year New Jersey Perinatal Quality Collaborative, led by the New Jersey Hospital Association, has significantly reduced the rate of medically unnecessary caesarian sections (which are riskier) as well as maternal complications and deaths. Maternal health has been a key issue for Governor Murphy’s administration and First Lady Tammy Murphy has spearheaded several initiatives for improving maternal, prenatal and newborn health. New Jersey has historically performed poorly in maternal health. A Black mother is seven times more likely than a white mother to die from pregnancy-related complications and a Black baby is three times as likely as a white baby to die before its first birthday.

- c. A State appropriation enables all children, including undocumented children, to be covered by health insurance by expanding New Jersey's Medicaid program Family Care through the Cover All Kids initiative of the New Jersey Department of Human Services. However, many undocumented children who are eligible have not applied for coverage. Immigrant advocacy groups are encouraging more outreach to let immigrant families know the coverage is available.
- d. Several articles are provided on the impact of the nursing shortage in New Jersey, exacerbated by the COVID pandemic, including steps New Jersey is taking to solve it as well as efforts by unions to improve compensation to retain existing nurses and encourage more people to pursue nursing as a career and reducing the ratio of patients per nurse to help alleviate burnout.
- e. In a case released publicly on January 9<sup>th</sup>, 2023 but decided on July 22, 2022, the Superior Court upheld a 2021 New Jersey law creating a community service contribution in lieu of property taxes for nonprofit hospitals. The case seeking to overturn the law was brought by four municipalities and several other plaintiffs. The plaintiffs have not appealed.
- f. The U.S. Department of Health and Human Services' Agency for Healthcare Research and Quality released a report that found almost 6% of emergency room patients receive incorrect diagnoses and some wind up disabled or dead as a result. Some major emergency physician organizations call the report flawed or misleading. Dr. Lewis Nelson, the Chair of Emergency Medicine at the Rutgers New Jersey Medical School called the information extremely flawed and pointed out that the researchers included 300 different studies done of emergency departments from 2000 to 2021 and the data was derived from Spain and other European countries.
- g. Welltower, Inc., formerly Health Care REIT, owns a vast array of non-acute residential health care facilities including 147 nursing homes in 15 states. The nonprofit ProMedica Senior Care currently leases and operates the nursing homes owned by Welltower, including seven in New Jersey. Starting in October, Welltower plans to lease the nursing homes to Integra Health at projected higher rents. Integra Health will then sublease them to regional operators. Integra Health was formed in 2022 and neither it nor its 29 year-old CEO David Gefner have any known history in the senior real estate or health care industry.
- h. NJ Spotlight News ran a print story and television news segment on Governor Murphy's \$15 million in aid to reproductive health care providers in New Jersey. \$10 million of the aid is in the form of the Authority's forgivable loans to family planning facilities. Another \$5 million is from the NJ Department of Homeland Security for security improvements at family planning facilities.

- i. This past Monday, New Jersey Citizen Action and the Health Professionals and Allied Employees filed a suit seeking to stop the reorganization of Horizon Blue Cross Blue Shield of New Jersey into a mutual holding company, appealing the ruling by Department of Banking and Insurance Commissioner Marlene Caride that approved the proposed reorganization. The plaintiffs are arguing that the process was flawed and failed to protect the charitable assets of Horizon Blue Cross Blue Shield of New Jersey, potentially negatively impacting millions of policyholders.
8. National Health Care News
- a. The president of the American Hospital Association wrote a letter that appeared on the Wall Street Journal's opinion page on January 2, 2023 objecting to a December 26<sup>th</sup> Wall Street Journal article criticizing health systems' shedding of hospitals in poor areas while expanding in affluent areas, without noting that low government reimbursement, population shifts and aging infrastructure also play a large part in where hospitals are located. He said a fuller discussion was warranted.
  - b. Kaufman Hall released its National Hospital Flash Report for December 2022, which was provided to Authority Members earlier this week. It also released an article entitled "Credit and Capital Markets Outlook for 2023," which outlines the difficult path to recovery from the COVID-19 pandemic for hospitals and health systems, echoing the concerns of the major rating agencies.
  - c. The Bond Buyer ran an article on December 21, 2022 about the increase in ransomware attacks on hospitals and health systems and how it is adding to the other strains hospitals are currently dealing with. Also, there was a CNN alert today that said the FBI has seized websites used by a notorious ransomware group that impacted at least one hospital.
  - d. Despite rising labor and supply costs, the Medical Payment Advisory Commission to the Centers of Medicare and Medicaid Services is recommending only a 1% increase in 2024 for Medicare hospital payments and a 1.25% increase in Medicare physicians' payments. The American Hospital Association was hoping for a 2.8% increase.
  - e. Additional articles distributed on national health care include:
    - i. Healthcare Dive's 2023 key trends for payers and providers, which predicts providers requesting higher reimbursements from insurers;
    - ii. Healthcare Dive's article about the U.S. Department of Health and Human Services release of hospital ownership data for 7,000 hospitals;
    - iii. Fierce Healthcare's article on how the Federal Trade Commission's proposed rule limiting non-compete agreements will impact the health care sector;

- iv. HFMA’s article on how health care organizations need to incorporate environmental, social and governance considerations into their mission as the investor community increasing looks into the risks posed in those areas;
- v. Another HFMA article advising nonprofit hospitals to pay local, state and federal taxes as though they were for-profit to benefit their communities and build good will, giving them greater flexibility to manage difficult and controversial service-line and organizational decisions without triggering the criticism of the benefits they receive as tax-exempt entities; and
- vi. Healthgrades full list of the top 50 hospitals for 2023, which as noted earlier, includes Morristown Medical Center and Overlook Medical Center.

## 9. Bond and Tax Legislation and Regulatory News

- a. Two extensive articles on the Finance Data Transparency Act, passed on December 23, 2022, were provided. The act requires the Securities and Exchange Commission (“SEC”) to promulgate regulations effectuating new data reporting standards in machine-readable format within 18 months. Afterwards, issuers and obligors will have two years to comply, meaning it will be at least three-and-a-half years before it is fully in effect. The act is designed to make access to financial data of issuers and obligated persons of municipal securities more readily accessible, analyzable and comparable. Formats such as extensible business reporting language (“XBRL”) or something similar will become required for financial disclosures under the act. Such formats are already required for disclosures for publicly held stocks. S&P Global rating applauded the move for standardized disclosure in the municipal securities markets, while other market participants worry about the costs to issuers and obligors.
- b. According to an article in The Bond Buyer, the SEC and the Municipal Securities Rulemaking Board (“MSRB”) expect 2023 to be a robust year for municipal securities rulemaking. Pre-trade, post-trade and time of trade regulations are expected.
- c. MSRB’s proposed amendments to its Rule G-32 altering the timing and submission of primary offering data have been welcomed by the municipal bond underwriting community. The changes streamline the data submission process and provide compliance flexibility.

## 10. Authority News

- a. Zufall Health Center has informed Authority staff that its West Orange construction project, which was approved for a Family Planning Forgivable Loan of \$722,062, needs to be amended because a general contractor had already been contracted at a rate that did not provide prevailing wage to the construction tradespeople. Zufall

plans to submit a proposed amendment to the Loan Evaluation Committee, which may include other Zufall facilities. If the Loan Evaluation Committee agrees to recommend the amendment, it is expected to be presented to the Authority Members for approval at the February 23<sup>rd</sup> Authority meeting.

- b. And finally, in terribly sad news, on January 4, 2023 our friend, Authority Accountant Ellen Lieber lost her battle with cancer. She had worked at the Authority since October 2011. Ellen lit up the office with her infectious smile, joyous attitude and engaging banter. She leaves behind a daughter Sarah and son Jacob. She will be sorely missed by all who had the pleasure of knowing her.

Ms. Ford thanked Mr. Hopkins for his report and expressed her condolences for the loss of Ellen.

As there was no further business, Ms. Ford 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 10:50 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 JANUARY 26, 2023.

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Cindy Kline, Assistant Secretary