Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on July 28, 2016 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following ***Authority Members*** *were in attendance:*
Dr. Munr Kazmir, Vice Chair (Chairing); Alison Gibson, Designee of the Commissioner of Health; Maryann Kralik, Designee of the Department of Banking and Insurance; Jessica Feehan, Designee of the Commissioner of Human Services; and, via telephone, Suzette Rodriguez, Public Member.

The following ***Authority staff members*** *were in attendance:*
Mark Hopkins, Ron Marmelstein, Frank Troy, Carole Conover, Marji McAvoy, Carl MacDonald, Ellen Lieber, Taryn Rommell, Jessica Lucas, Edwin Fuentes, Debra Coons, John Johnson, Nino McDonald, Neetu "Nikki" Thukral, Bernie Miller and Chris Kniesler.

The following ***representatives from the State and/or the public*** *were in attendance:*
Cliff Rones, Attorney General's Office; Tyler Yingling, Governor's Authorities Unit; Scott Kobler, McCarter & English, LLP; John Kelly, Wilentz, Goldman & Spitzer, P.A; Richard Smith, Senior Vice President and Chief Financial Officer, JFK Assisted Living, Inc.; Anastasius Efstratiades, Obermayer Rebmann Maxwell and Hipple LLP; Kevin Lenahan, Senior Vice President of Finance and Chief Administrative Officer and Keith Van Fleet, Chief Financial Officer, Atlantic Health System

CALL TO ORDER

Dr. Kazmir 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, 2016 Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, notice of this meeting was delivered to all newspapers with mailboxes at the Statehouse, including *The Star-Ledger* and the *Courier Post,* enough in advance to permit the publication of an announcement at least 48 hours before the meeting.

Dr. Kazmir welcomed back Tyler Yingling from the Governor's Authority Unit. Mr. Yingling left last year to serve in the U.S. Navy Intelligence Department.

1. APPROVAL OF MINUTES
a. June 23, 2016 Authority Meeting

Minutes for the Authority's June 23, 2016 Authority meeting were distributed for review and approval prior to the meeting. Dr. Kazmir asked for a motion to approve the minutes. Ms. Gibson made the motion. Ms. Feehan seconded. Dr. Kazmir, Ms. Gibson, Ms. Feehan and Ms. Rodriguez voted in the affirmative, Ms. Kralik abstained and the minutes were approved.

b. July 14, 2016 Special Authority Meeting

Minutes for the July 14, 2016 Special Authority meeting were distributed for review and approval prior to the meeting. Dr. Kazmir asked for a motion to approve the minutes. Ms. Feehan made the motion. Ms. Gibson seconded. Dr. Kazmir, Ms. Gibson, Ms. Feehan and Ms. Rodriguez voted in the affirmative, Ms. Kralik abstained and the minutes were approved.

2. BOND SALE REPORT
Inspira Health Network

Dr. Kazmir called on Carl MacDonald to provide the Members with a report on the recent bond sale on behalf of Inspira Health Network.

Mr. MacDonald reported that, on May 25, 2016, the Authority along with J.P. Morgan, as lead underwriter, priced the $177,765,000 publicly issued tax-exempt Series 2016A bond financing on behalf of the Inspira Health Network. The bonds were rated A2/A by Moody's and Fitch, respectively.

Mr. MacDonald informed the Members that the proceeds of the Series 2016A issuance was (or will be) used to refund all of the NJHCFFA issued South Jersey Hospital Series 2006 bonds; refund all of the NJHCFFA issued Underwood Memorial Hospital Series 2008 bonds; refund the NJHCFFA issued Variable Rate Composite Program – South Jersey Hospital Inc. Project Series 2004 A-4; refinance the Capital Asset Program loan made to South Jersey Hospital in 2011; and, pay the related costs of issuance.

According to Mr. MacDonald, extensive pre-marketing efforts were utilized to ensure a large and concerted investor engagement effort. The Preliminary Official Statement was posted and available two weeks prior to pricing. A live investor call with Inspira's management team was conducted. Over thirty investors listened live or dialed into the replay. Additionally, several "one on one" calls were held with key investor targets.

Mr. MacDonald said that, following discussions with Inspira and the underwriting team, the decision was made to conduct a retail order period in the morning with an institutional order period in the afternoon. The transaction was structured with serials bonds from 2017 to 2036 and term bonds in 2041 and 2046. During the morning retail period, individual retail accounts were given priority over professional retail accounts and New Jersey accounts received priority over national accounts. Designated orders were given priority during the afternoon institutional order period. At the conclusion of the afternoon institutional order period, the underwriters had received approximately $790 million of orders, including $40 million of orders received during the morning retail order period. The transaction was significantly oversubscribed at longer dated maturities and the underwriters adjusted yields accordingly.

Mr. MacDonald concluded by saying that JP Morgan Securities made an offer to underwrite the bonds at the new levels and the Staff gave the verbal award. Yields on the Series 2016A bonds ranged from 0.83% on the 2017 maturity to 4.01% on the 2046 maturity. The final all-in TIC for this transaction was 3.387%. This transaction closed on June 30, 2016.

Mr. MacDonald then offered to answer any of the Members' questions. There were no questions.

3. TEFRA HEARING
<u>Trinitas Regional Medical Center</u>

Dr. Kazmir announced that the following portion of the meeting was a public hearing in connection with the Trinitas Regional Medical Center transaction. He stated that this hearing is taking place in accordance with the public notice and approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

Dr. Kazmir asked Carl MacDonald to provide the Members with the details of the transaction.

Mr. MacDonald reminded the Members that Trinitas Regional Medical Center (Trinitas) requested and received approval last month to undertake a tax-exempt public offering of approximately $125 million. The proceeds of the issuance will be used to refund all of the NJHCFFA issued Trinitas Hospital Series 2007A & 2007B bonds; refinance all of the Trinitas Hospital Taxable Variable Rate Demand Bonds Series 2006; reimburse Trinitas for capital expenditures associated with the Emergency Room renovation project; and, pay the related costs of issuance. It had been the intention to request approval of a Contingent Sale of Bonds at today's meeting; therefore, notice was published for a TEFRA hearing. However, Trinitas, along with their Counsel, have decided to postpone the request for the Contingent Sale. As a result, Trinitas is not seeking approval this month.

Since the TEFRA notice for a public hearing has been advertised, Trinitas has requested that the Authority still hold a public hearing for this transaction and allow for public comment. By holding of a public hearing, the Authority is not making a commitment to approve the transaction. The public hearing held today satisfies the federal tax law provisions with regard to this transaction when and if approved by the Authority and the Governor.

Mr. Hopkins informed the Members that the approval of the contingent bond sale was delayed due to some issues with the documents. He advised the Members that, if they are resolved, Trinitas might request a Special Meeting prior to the Authority's regular August meeting.

Dr. Kazmir asked if there were any questions. There were no questions.

Dr. Kazmir then closed the public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended regarding the proposed financings on behalf of Trinitas Regional Medical Center transaction.

4. INFORMATIONAL PRESENTATION AND REQUEST FOR CO-MANAGERS
Atlantic Health System

Dr. Kazmir called on Carl MacDonald to present the details of the Atlantic Health System transaction.

Mr. MacDonald began by introducing Kevin Lenahan, Chief Financial Officer for Atlantic Health System. He then informed the Members that, in June of 2015, Atlantic Health System (AHS) had signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing of approximately $137 million. The proceeds of the issuance would have been used to advance refund all the NJHCFFA issued AHS Series 2008A Revenue Bonds; fund a debt service reserve fund, if required; and, pay the related costs of issuance. Shortly thereafter, market rates had widened and the transaction had become less attractive for the AHS to pursue at that time. With interest rates at current levels, there is renewed interest for AHS to pursue the completion of this transaction.

Mr. MacDonald reported that, AHS is a 501(c) (3) not for profit organization. AHS currently operates Morristown Medical Center, in Morristown, NJ, Overlook Medical Center in Summit NJ, Newton Medical Center in Newton, NJ and Chilton Medical Center in Pompton Plains, NJ.

According to Mr. MacDonald, the Authority currently has four (4) active series of bonds issued on behalf of AHS totaling nearly $450 million. The issues consist of Series 2011, of which $126.1 million remains outstanding; Series 2008A, with $127.9 million outstanding; and, Series 2008 B & C, each with $88.5 million outstanding. AHS has $2.1 million of debt outstanding in the Authority's Capital Asset Program, a $50 million taxable term loan and $200 million of Series 2015 taxable bonds outstanding.

Mr. MacDonald informed the Members that audited financial statements from 2015 indicate that AHS had an excess of revenues over expenses of $126.5 million compared to $114.0 million for the same period of 2014. Excluding bassinets, AHS has 1504 licensed beds and employs approximately 7500 people. AHS is currently rated "A1/A+" from Moody's and S&P respectively. Based on audited numbers for year-end 2015, AHS has 191 days cash on hand, an operating margin of 4.15% and debt service coverage of 8.36 times, all well above state medians for the respective categories. In addition, AHS' Annual Inpatient Utilization Trends for the period 2014 to 2015 are positive. Licensed beds increased slightly to 1504 beds in 2015 from 1490. Inpatient admissions remained stable at around 75,000, as did inpatient days at 366,000 and occupancy rate at 66.76%.

Mr. MacDonald stated that AHS has conducted a competitive process to name a senior managing underwriter and has selected Goldman Sachs. Dorit Kressel of Chiesa Shahinian & Giantomasi will be serving as Bond Counsel. We anticipate a resolution for a contingent sale of bonds at the Authority's August board meeting.

Mr. MacDonald said that he or Mr. Lenahan would answer any questions the Members might have.

Dr. Kazmir thanked Mr. MacDonald for his report.

Dr. Kazmir informed the Members that Staff has recommended the appointment of Co-managers for the Atlantic Health System transaction. He then called on Carl MacDonald to make the recommendation.

Mr. MacDonald explained that, in accordance with Authority Policy, Atlantic Health System has notified the Authority that they have completed a competitive process and selected Goldman, Sachs & Co. to serve as their Senior Managing Underwriter. AHS, however, has opted to have the Authority appoint the Co-managers.

According to Mr. MacDonald, under current Authority policy, co-managing underwriter assignments are awarded on a rotational basis that will consider the firms demonstrated ability to distribute New Jersey securities of comparable credit quality, capital sufficiency and borrower preference.

Mr. MacDonald told the Members that, because the expected $225 million par amount for this public series, staff is recommending the assignment of four (4) co-managers. Staff proposes that Academy Securities Inc., Blaylock Robert Van LLC, Cabrera Capital Markets, L.L.C. and Citi Global Markets Inc. be appointed to serve as co-managing underwriters for this transaction.

Mr. MacDonald said that each firm has been qualified by the Authority to serve in the role of co-managing underwriter, has demonstrated the ability to distribute New Jersey securities and has sufficient capital to participate in the transaction.

Dr. Kazmir thanked Mr. MacDonald for his presentation and asked if there were any comments or questions from the Authority Members. There were no questions.

Dr. Kazmir asked for a motion to approve the appointment of Academy Securities Inc., Blaylock Robert Van LLC, Cabrera Capital Markets, LLC and Citi Global Markets Inc. as co-managers for the Atlantic Health System transaction. Ms. Gibson made the motion. Ms. Feehan seconded. All Members voted in the affirmative and the resolution passed.

AB RESOLUTION NO. QQ-19

NOW, THERFORE, BE IT RESOLVED, that the Authority hereby approves the appointment of Academy Securities Inc., Blaylock Robert Van LLC, Cabrera Capital Markets, LLC and Citi Global Markets Inc. as Co-managers for the Atlantic Health System transaction.

5. AMENDMENT TO DOCUMENTS
JFK Assisted Living

Dr. Kazmir asked Jessica Lucas to present details of the request to amend the documents of the JFK Assisted Living transaction.
Ms. Lucas began by introducing Richard Smith, Senior Vice President and Chief Financial Officer of JFK Assisted Living, Inc.

Ms. Lucas told the Members that they were being asked to approve the Resolution of the Authority Authorizing Amendments to the Interest Rate and Other Provisions with Respect to Its Revenue Bonds (JFK Assisted Living, Series 2001).

Ms. Lucas stated that, during February 2001, JFK Assisted Living entered into a $13,760,000 sale of bonds in the form of a private placement with Commerce Bank, now TD Bank, for a term of 25 years. The proceeds of the bonds were used to refinance a JFK Assisted Living taxable loan for costs associated with the construction of the assisted living facility; fund certain capital budget projects; and, pay the related costs of issuance. The bonds are secured by a gross revenue pledge and a first mortgage lien on the facility.

Ms. Lucas reported that, per the original loan documents, the outstanding balance on the loan was subject to an optional put to the Borrower or an interest rate reset on September 1, 2011 and September 1, 2021 upon proper notice. When JFK Assisted Living and TD Bank agreed to an interest rate reset and in September 2011, the Authority approved the amendment to do so. The initial Interest Rate Adjustment and the Optional Tender Provision occurred on November 1, 2011, upon execution by the parties of a First Amendment to Trust Indenture, a First Amendment to Loan Agreement and issued a Replacement Note and a Replacement Bond. The initial amendments to the loan documents were also subject to an optional put or an interest rate reset on September 1, 2016.

According to Ms. Lucas, the revised interest rate on the Bonds and Note is for the period from September 1, 2016 up to, but not including, September 1, 2019 and shall be a fixed rate not to exceed 1.91%. The outstanding balance as of July 1, 2016 was $7,574,088.

In addition, Ms. Lucas said, as it pertains to the rights of the holder of the Bonds set forth in Section 3.1(c) of the Trust Indenture, JFK Assisted Living agreed to amend the document so that the bonds would be subject to a mandatory tender unless the Bank, or any subsequent holder of the Bonds, waives its rights to the mandatory tender upon 180 days written notice to the Trustee, the Authority and the Borrower on September 1, 2019 and September 1, 2022.

Ms. Lucas informed the Members that a Bond Resolution and amendments to the loan documents were prepared by Obermayer Rebmann Maxwell and Hipple LLP, the Bond Counsel, which provide for the above-referenced request. The Attorney General's Office has reviewed the enclosed and has no objection to the Authority's consideration of this matter. Accordingly, staff recommends that the Bond Resolution, amendment to the Trust Indenture, and amendment to the Loan Agreement, to be approved.

Ms. Lucas concluded by saying that she or Mr. Smith would answer any questions the Members might have. There were no questions.

Dr. Kazmir asked for a motion to approve the amendment to the documents for the JFK Assisted Living transaction. Ms. Feehan made the motion. Ms. Kralik seconded. All Members voted in the affirmative and the motion passed.

AB RESOLUTION NO. QQ-20

> **NOW, THEREFORE, BE IT RESOLVED,** that the Authority hereby approves the Resolution entitled, "RESOLUTION OF THE AUTHORITY AUTHORIZING AMENDMENTS TO THE INTEREST RATE AND OTHER PROVISIONS WITH RESPECT TO ITS REVENUE BONDS (JFK ASSISTED LIVING ISSUE, SERIES 2001)."

(attached)

6. AMENDMENT TO ANNUAL EXTENSION OF EQUIPMENT REVENUE NOTE PROGRAM
<u>Increase borrowing amount</u>

Dr. Kazmir called on Edwin Fuentes to explain to the Members the request for the amendment of the Equipment Revenue Note Program extension.

Mr. Fuentes informed the Members that the Authority's Equipment Revenue Note Program (ERN) offers borrowers a quick turnaround on financings with the purpose of acquiring equipment or retrofitting a facility for equipment.

Mr. Fuentes then reminded the Members that, on May 26, 2016, the Authority issued its annual approval for the use of negotiated private placements for financings completed under the Program. One of the criteria for an ERN financing is that the bond size must not exceed $15 million. However, due to changes in the bond market and the needs of healthcare organizations in the State of New Jersey, the Authority Staff believes it is desirable to increase the maximum borrowing amount under the ERN Program from $15 million to $60 million.

Mr. Fuentes then asked for the Board Members' consideration of the resolution that will amend the May 26, 2016 resolution to increase the maximum borrowing amount under the Equipment Revenue Note Program to $60 million through May 31, 2017.

Mr. Fuentes then offered to address any questions the Members might have.

Ms. Gibson questioned the reason for the increase from $15 million to $60 million. Mr. Fuentes responded that there has been an increased interest in the program due the quick turnaround time.

Mr. Hopkins added that many hospitals are looking at programs to finance their conversion to electronic health records. This is a very costly project. In addition, the hospitals also want to take advantage of the tax-exempt status of the program. Mr. Hopkins drew a comparison between the Equipment Revenue Note Program and the Authority's Master Leasing Program that has a $75 million maximum. He said that the Authority might want to consider increasing the Equipment Revenue Program to the same level in the future.

Ms. Kralik asked if the program would go back to $15 million next year. Mr. Hopkins said that, because the program is renewed every year at the Authority's Annual Meeting, the amount could be adjusted to accommodate the needs at that time.

Dr. Kazmir asked for a motion to approve the amendment of the Equipment Revenue Note Program extension. Ms. Gibson made the motion. Ms. Feehan seconded. All Members voted in the affirmative and the motion passed.

AB RESOLUTION NO. QQ-21

> **NOW, THEREFORE, BE IT RESOLVED,** that the Authority hereby approves the Resolution amending AB Resolution No. QQ-05, to increase the maximum amount of borrowing under the Equipment Revenue Note Program to $60,000,000.

(attached)

7. APPROVAL OF MEMORANDUM OF AGREEMENT FOR ARCHITECTURAL REVIEW

Dr. Kazmir called on Executive Director Mark Hopkins to explain the architectural review agreement to the Members.

Mr. Hopkins told the Members that, since 1997 the Authority has provided Architectural Review Services to the Department of Health (Department) pursuant to a Memorandum of Agreement (MOA), with the latest MOA renewal occurring in September 2013. Under the current MOA, the Authority provides the following services to the Department two days per week:

- Review of construction and renovation projects submitted by health care facilities to determine compliance with physical plant standards, patient flow issues, and licensing requirements (including compliance with the American Institute of Architect's Guidelines).

- Review and processing requests for waivers from licensing requirements submitted by health care facilities and provide recommendations with associated rationale in cases where it was determined that waivers are warranted.

- Participate as a team member in functional review meetings held at the Department's office.

The existing MOA expired on June 30, 2016. A proposed new MOA was distributed to the Authority Members in their meeting packets. The proposed new MOA is essentially the same as the previous agreement, with one major exception: it is for one year only. The form of the agreement is similar to that of our MOA with the Department for collection and review of financial data. The proposed new MOA would be effective for the period July 1, 2016 through June 30, 2017 and specifies the amount that the Department will reimburse the Authority for the costs of the personnel provided.

According to Mr. Hopkins, the Office of the Attorney General has no objection to the Members' consideration of this agreement. Therefore, Staff recommends the approval of the MOA in substantially final form with such changes as the Office of the Attorney General may advise.

Mr. Hopkins then offered to answer any questions the Members might have.

At this point Ms. Gibson stated that she would recuse herself because the architectural review directly affects the area of the Department she oversees.

Dr. Kazmir asked for a motion to approve the Memorandum of Agreement with the Department of Health for Architectural Review Services. Ms. Feehan made the motion. Ms. Kralik seconded. Dr. Kazmir, Ms. Gibson, Ms. Feehan and Ms. Rodriguez voted in the affirmative and the motion passed.

AB RESOLUTION NO. QQ-22

> **NOW, THEREFORE, BE IT RESOLVED,** that the Authority hereby approves the Memorandum of Agreement with the Department of Health, Division of Health Facilities Evaluation and Licensing for Architectural Review Services

(attached)

8. FUNDING OF THE OTHER POST EMPLOYMENT BENEFIT

Dr. Kazmir asked Ellen Lieber to explain the funding of the Other Post Employment Benefit Trust to the Members.

Ms. Lieber informed the Members that the Authority has a post-retirement health care plan for qualified employees. In December 2007, the Authority approved the establishment of an Other Post Employment Benefit Trust also known as an OPEB Trust in order to fund the plan. The OPEB trust was fully funded as of December 31, 2015, from the last deposit made on May 14, 2013.

According to Ms. Lieber, the Governmental Accounting Standards Board statement for post-employment benefits requires that an actuarial study be conducted every 2 years for employers with less than 100 employees. The Authority was due for a new valuation. The Authority hired Buck Consultants to prepare the valuation for the years ending 2016 and 2017.

Ms. Lieber stated that the valuation report indicates that the required annual contributions for the calendar years 2016 and 2017 are $564,381 and $358,443 respectively. In order to properly fund this liability, staff is recommending the board's approval to deposit the total amount of $922,824 to fully fund the trust through December 31, 2017.

Ms. Lieber noted, however, that only the current year's Annual Required Contribution of $564,381 will be expensed this year. The remaining balance of the deposit will be treated as a pre-paid expense and will have no effect on the Authority's fund balance until 2017.

Ms. Lieber concluded by saying that she or Mr. Marmelstein would answer the Members' questions. There were no questions.

Dr. Kazmir asked for a motion for the Members to approve fully funding the Authority's Other Post-Employment Benefit Trust Fund in 2016. Ms. Gibson made the motion. Ms. Feehan seconded. All Members voted in the affirmative and the motion passed.

AB RESOLUTION NO. QQ-23

> **NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby approves fully funding the Authority's Other Post-Employment Benefit Trust Fund in 2016 as recommended by Authority Staff.

9. APPROVAL OF EXPENSES

Dr. Kazmir referenced a summary of Authority expenses and invoices provided to the Members. Ms. Feehan offered a motion to approve the bills and to authorize their payment. Ms. Gibson seconded the motion. All Members voted in the affirmative and the motion passed.

AB RESOLUTION NO. QQ-24

WHEREAS, the Members of the Authority have reviewed the memoranda dated July 20, 2016 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of $22,160.30 and $33,971.38 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.

10. STAFF REPORTS

Dr. Kazmir thanked Staff for the Project Development Summary, Cash Flow Statement, Semi-Annual Budget Report and Legislative Advisory reports.

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

Mr. Hopkins presented the following items to Members:

1. Hospital & Other News

    a. The Authority has reached a settlement with the Unsecured Creditors Committee and the debtor in the St. Michael's bankruptcy case. The court approved the settlement on July 15. Last Thursday the Authority received $55,750,000 as full settlement for the St. Michael's bankruptcy. After paying expenses of just over $206,000, the remainder of that money was deposited into an escrow fund to defease a related portion of the bonds on the first call date, October 1, 2018. Currently there are $223,880,000 in bonds outstanding.

    b. Inspira has reached a three-year contract agreement with the Health Professionals and Allied Employees union representing 1,300 nurses at Inspira's hospitals in Vineland, Elmer, Bridgeton and Woodbury.

    c. On July 1, Kennedy Health's Cancer Center became part of Thomas Jefferson University's Sidney Kimmel Cancer Network. Kennedy Health currently has a letter of intent to become part of the Thomas Jefferson University Hospital system.

    d. AllSpire Health Partners has contracted with HealthTrust, a national group purchasing organization, to form a new group purchasing organization. AllSpire Health GPO will "help manage expenses and optimize operations by aggregating purchasing volumes, streamlining supplier negotiations and implementing efficiencies across the supply chain." Formed in 2013, AllSpire Health Partners is an affiliation of Atlantic Health System, Hackensack Meridian, Lehigh Valley Health Network, Reading Health System and Wellspan Health.

e. Hackensack University Health Network and Meridian Heath system officially completed their merger on July 1, 2016. An article is included today about the co-CEOs of the new Hackensack Meridian Health, Robert Garrett and John Lloyd.

f. On July 13, Princeton HealthCare System announced that it had entered into a letter of intent to partner with the University of Pennsylvania Health System. Princeton and Penn Medicine will be working toward reaching a final partnership agreement over the next several months.

g. CarePoint Health and Capital Health are among the top ten most expensive hospitals in the nation for common procedures. The list is compiled by Medicare for procedures provided to Medicare patients. It should be noted that the list is based on hospital charges. Medicare pays a set fee, far below the charges, as do most insurers in-network with the hospitals. Charges are generally only paid by self-pay patients or insurance companies not in-network with a hospital. Capital Health is in-network with most major insurers in New Jersey while CarePoint is out-of-network with most major insurers.

h. Valley Health System is partnering with Mount Sinai Health System to provide enhanced inpatient and outpatient cancer care. Valley's outpatient facility in Paramus and its hospital in Ridgewood will both reap the benefits of the partnership.

i. In other news about Valley Hospital, a Superior Court Judge has ruled that the Ridgewood Village Council has 90 days to approve an ordinance consistent with the Planning Board's approval of Valley's expansion from 565,000 square feet to 961,000 square feet. Valley has been trying to get an expansion approved for over ten years and filed suit against Ridgewood in 2014.

j. The medical school planned by Seton Hall and Hackensack Meridian moved one step closer to reality with the signing of a 25 year lease for a portion of the former Roche campus in Nutley and Clifton. The lease is set to begin in October. The medical school is expected to open in the fall of 2018.

k. Deborah Heart & Lung Center was named a Tier 1 provider for AmeriHealth's Advantage plan.

l. Capital Health and JFK Health System have dropped out of the lawsuit challenging the Horizon's Omnia tiered network health insurance plan. In addition, a New Jersey appellate court has ruled that parts of a consultant report commissioned by Horizon on structuring the Omnia plan could remain confidential. Some hospitals challenging the Omnia plan have announced their intention to appeal the decision to the New Jersey Supreme Court.

m. Rating agencies have praised the leadership of healthcare organizations for cost-containment, but they are cautious about the continued pressures on health care. A detailed article is being provided today.

n. Moody's has assigned a "Baa3" rating to the $250 million of bonds expected to be issued by the Authority on behalf of St. Joseph's Healthcare System with an outlook of stable. Standard & Poor's rated the bonds "BBB-" with an outlook of positive.

o. Standard & Poor's has raised its underlying ratings from "A+" to "AA-" on tax-exempt bonds issued by the Authority on behalf of AHS Hospital Corporation and other taxable bonds issued by AHS itself. The outlook is stable. Mr. Hopkins said that the AA rating for a New Jersey hospital is tremendous and congratulated AHS Hospital Corporation. He also mentioned that Frank Troy informed him that Trinitas just received a rating from Moody's of Baa2, outlook stable.

p. The State Fiscal Year 2017 budget included $302 million for charity care funding. The charity budget was reduced from the original $352 million announced in May as a result of unexpected budget shortfalls. The revised charity care funding distribution was designed to preserve significant charity care funding for safety net hospitals.

q. The Commerce and Industry Association of New Jersey held a workshop and information session on health care and the Affordable Care Act. Continued worries about affordability and the continually changing insurance landscape are cited as problems for health care moving forward.

r. Rutgers University has launched a pilot program this month to provide telemedicine to ten residents of Newark public housing to help improve their health. The patients will access the Rutgers School of Nursing's community health center through a secure internet connection to a laptop to check vital signs and even obtain an electrocardiogram. New Jersey currently lags other states in implementing telemedicine programs.

s. The Camden Coalition of Healthcare Providers has partnered with the Association of American Medical Colleges and Primary Care Progress to train college students to use data to identify patients with chronic and costly health issues and build a health care system that better supports the needs of those patients. This effort is designed to improve health outcomes from often-underserved communities and to reduce expenses. The training teaches empathy to communicate better with patients.

t. Articles are also included on national health issues such as: (i) seven quick facts about Medicare spending; (ii) 11 hospitals with great customer service; (iii) 21 noteworthy statistics on healthcare in the U.S.; (iv) the plusses and minuses of value-based care; (v) the 37% increase in out-of-pocket costs for hospital visits for the privately insured individuals from 2009 to 2013; (vi) non-Accountable Care Organization hospitals outperform ACO hospitals in some value-based initiatives; (vii) three of the 21 original participants in the Next Generation Accountable Care Organization model have dropped out over the first 7 months of the program; (viii) a Health Affairs study shows that communities with population health programs are experiencing not only reduced admissions but reduced readmissions as well; and (ix) CMS is proposing to pay the same amount for procedures regardless of whether they are provided in a hospital outpatient department or in an ambulatory surgery center.

u. CMS has issued its annual Star ratings for hospitals. NJ Spotlight has an article about how New Jersey's hospitals fared.

v. In regulatory news: (i) the FTC has dropped its challenge to the merger of two hospital systems in West Virginia. The FTC, however, plans to appeal trial court decisions preventing it from blocking mergers of hospital systems in Chicago and Pennsylvania; and (ii) the SEC has been very active in enforcing its municipal securities regulations against issuers and officials bringing actions against 18 state or local governments and 16 issuer officials since 2013.

w. Finally, a lengthy article from the Tax Foundation is included on reexamining the tax-exemption on municipal bond interest. The author points out that the tax-exemption for interest on municipal bonds is one of the largest "tax expenditures" in the income tax code because it causes the federal government to forgo collections of as much as $617 billion in tax revenues per year. He recommends, "That lawmakers should seriously consider limiting, reforming or eliminating the exclusion of municipal bond interest."

2. Authority News

   a. Mr. Hopkins announced that Neetu "Nikki" Thukral will be promoted to Compliance Manager at the Authority. Neetu has been an Assistant Account Administrator at the Authority since July of 2011. However, this is her second stint at the Authority; she also worked as an Assistant Account Administrator from September 2006 through August 2008.

   b. On July 1, Marji McAvoy was promoted to Controller after serving 23 years as an Assistant Account Administrator, Accountant, Account Administrator and Senior Account Administrator at the Authority.

As there was no further business, following a motion by Ms. Gibson and a second by Ms. Feehan, the Members voted unanimously to adjourn the meeting at 10: 44 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 July 28, 2016.

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Carole A. Conover, Assistant Secretary