

These are the Minutes of the New Jersey Health Care Facilities Financing Authority regular Meeting held on March 28, 2024 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following *Authority Members* were in attendance:

Via Microsoft Teams: Robin Ford, Designee of the Commissioner of Health, (Chairing); Greg Lovell, Designee of the Commissioner of Human Services; Manny Paulino, Designee of the Commissioner of Banking and Insurance; Sam Maddali and Bridget Devane, Public Members.

The following *Authority staff members* were in attendance:

Frank Troy, Ron Marmelstein, Cindy Kline, Bill McLaughlin, Edwin Fuentes, Jeff Solimando, Alpa Patel, Jessica Waite, and Taryn Rommell, (in person) and via telephone: Tracey Cameron.

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

On-site were Stephanie Gibson, Attorney General's Office; Samuel Kovach-Orr, Governor's Authorities Unit (arriving at 10:17 a.m.); and via Microsoft Teams: Carrie Camp, NJDOH; Ryan Feeney, Treasury, Catherine Dowdy, Andrea Piscopo Frank Pipas, Jasmine Castelli, Scott Elston, Andrea Piscopo, RWJBarnabas Health, John Kelly, Wilentz, Goldman & Spitzer, P.A.; Katherine Meyers, Alexandra Papageorgiou and Daniel Chazen, Jefferies, Jerry Ostow, Bond Counsel, Dave Handler, Niles Murphy, Hawkins; Cara Williamson, Emmett Morrissy, Mary DiMartino, J.P. Morgan Securities, LLC; Nathaniel Singer, Whitney Warren, PFM Advisors, Vanessa Mesa, Nancy L. Packard, Bank of New York, Mellon; Denia Larios, US Bank Global Corporate Trust and Tamara Cunningham.

CALL TO ORDER

Executive Director Frank Troy called the March 28, 2024 meeting to order at 10:04 a.m. and announced that this was a regular Meeting of the Authority, held in accordance with the schedule adopted at the May 25, 2023 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. Troy called on Jeff Solimando, the Authority Communications Specialist to call the roll and establish attendance.

After establishing quorum, Mr. Troy recommended that in the absence of the Chair and Vice Chair, that a Chair Pro-Tem be named. Mr. Lovell nominated Ms. Robin Ford to serve as Chair Pro-Tem for the March 28, 2024 meeting and Mr. Paulino seconded. Mr. Troy called for a vote. All Members voted in the affirmative and the motion carried.

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

1. APPROVAL OF MINUTES

February 22, 2024 Authority Meeting & March 6, 2024 Special Meeting

The Minutes for the Authority’s regular meeting on February 22, 2024, and the special meeting held on March 6 were distributed for Member review and approval prior to today’s meeting. Ms. Ford reminded Members that only those who attended the meeting or have familiarized themselves with the Minutes should vote.

Ms. Ford asked for a motion to approve the February 22, 2024 Minutes. Mr. Lovell made the motion. Ms. Devane 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, except Mr. Paulino who abstained, and the motion passed.

Ms. Ford then asked for a motion to approve the March 6, 2024 special meeting Minutes. Mr. Paulino made the motion. Mr. Madalli 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.

2. CONTINGENT BOND SALE & INFORMATIONAL PRESENTATIONS:

A) Greystone Psychiatric Hospital

B) Marlboro Psychiatric Hospital

Ms. Ford called upon Edwin Fuentes to present Members with the details of the contingent bond sale on behalf of Greystone Park Psychiatric Hospital and Marlboro Psychiatric Hospital.

Mr. Fuentes thanked Ms. Ford and then introduced Ryan Feeney, senior manager at the Office of Public Finance, and Jerry Ostow, bond counsel for the proposed financings.

Mr. Fuentes stated that he is seeking the Board’s approval of contingent sales of the Authority’s Department of Human Services Lease Revenue Refunding Bonds (Greystone Park Psychiatric Hospital Project) Series 2024 (which he will refer to as the “2024 Greystone Park Bonds”) and its Department of Human Services Lease Revenue Refunding Bonds (Marlboro Psychiatric Hospital Project) Series 2024 (which he will refer to as the “2024 Marlboro Bonds”).

Mr. Fuentes advised Members that he would summarize certain transaction terms for each financing and then turn the presentation over to bond counsel, who would outline the respective resolutions.

Mr. Fuentes continued by stating that the Office of Public Finance is requesting the Member’s consideration of a contingent sale of the 2024 Greystone Park Bonds in an aggregate principal amount

not to exceed \$120 million. The proceeds of the 2024 Greystone Bonds will be used for (i) the refunding and defeasance of all or a portion of the Authority's Department of Human Services Lease Revenue Bonds (Greystone Park Psychiatric Hospital Project) Series 2013A and its Department of Human Services Lease Revenue Refunding Bonds (Greystone Park Hospital Project) Series 2013B; and (ii) pay the costs of such financing.

Mr. Fuentes continued by saying the Office of Public Finance is also requesting the Members' consideration of a contingent sale of the 2024 Marlboro Bonds in an aggregate principal amount not to exceed \$70 million. The proceeds of the 2024 Marlboro Bonds will be used for (i) the refunding and defeasance of all or a portion of the Authority's Department of Human Services Lease Revenue Bonds (Marlboro Psychiatric Hospital Project) Series 2013; and (ii) the payment of the costs of such financing. In addition, the Department of Human Services has requested that the Authority amend the related Lease and further amend the Agreement to reflect and facilitate the subdivision of Lot 11 in Block 159 in the Township of Marlboro, Monmouth County, New Jersey (the "Subdivision"). Please note that the version of the Marlboro 2024 authorizing resolution that was sent in your meeting materials has been updated to reflect that the Subdivision will not take place until after the 2024 Marlboro Bonds have been issued.

Mr. Fuentes further advised Members that both bond transactions are structured as Lease Revenue Refunding Bonds, whereby, the Department of Human Services ("DHS") enters into a Lease with the Authority and the Authority, in turn, subleases the Leased Property back to DHS. The sublease requires the DHS to make rental payments sufficient to cover the payment when due of the principal of interest on the respective bonds, along with any administrative expenses of the Authority. The rental payments received by the Authority from DHS will pay the debt service on the bonds and the administrative expenses of the Authority. These rental payments will be subject to appropriation by the State Legislature, and the failure of the State Legislature to make any such appropriation will not result in a default under the bonds.

Mr. Fuentes stated that pursuant to the authorizing resolutions, in accordance with Executive Order No. 26 (Whitman 1994), the Authority staff recommends that both the 2024 Greystone Bonds and the 2024 Marlboro Bonds be sold as "negotiated sales" and finds that negotiated sales are permissible as a result of the complex financing structures and volatile interest rate conditions. While typically the Authority approves negotiated sales with separate resolutions, the authorizing resolutions presented to you today approve the use of a negotiated sale in accordance with the State's practice with respect to appropriation bond issues.

Mr. Fuentes then said that upon recommendation of the Treasurer based upon Treasury's competitive RFP process and in accordance with Executive Order No. 26, each resolution appoints J.P. Morgan Securities, LLC as Senior Managing Underwriter in connection with the 2024 Greystone Bonds and the 2024 Marlboro Bonds, respectively. Upon recommendation of the Treasurer based upon Treasury's competitive RFP process and in accordance with Executive Order No. 26, each resolution also authorizes an Authorized Officer to select additional co-senior managers and co-managers for each of the 2024 Greystone Bonds and the 2024 Marlboro Bonds. All such appointment(s) shall be evidenced by the execution of the Bond Purchase Contract for each bond issue.

Mr. Fuentes concluded his portion of the presentation by informing Members that he would turn the presentation over to Jerry Ostow, bond counsel, for both transactions, who will outline the Resolutions for each of the Greystone and Marlboro financings and that following his presentation, he, Mr. Feeney

or Mr. Ostow, would be happy to answer any questions the Members may have regarding the transactions.

BOND RESOLUTION

Mr. Ostow began by stating his Resolution authorizes the issuance of the Authority's tax-exempt Department of Human Services Lease Revenue Refunding Bonds (Greystone Park Psychiatric Hospital Project) Series 2024 in an aggregate principal amount not to exceed \$120 million at a true interest cost not to exceed 5.0% per annum. The Bonds would have a final maturity no later than the final maturity of the 2013 bonds to be refunded, which is September 15, 2033, and a maximum redemption price no greater than 103% of the principal amount of bonds being redeemed. The bonds would be secured by basic rent payments made by the Department of Human Services under the Agreement.

Mr. Ostow advised Members that pursuant to the resolution and in accordance with Executive Order No. 26 (Whitman 1994), the Authority determines to sell the Bonds pursuant to a "negotiated sale" and finds that such negotiated sale is permissible as a result of the complex financing structure and volatile interest rate conditions. The Resolution approves in substantially final forms the Bond Purchase Contract between the Authority and JP Morgan LLC, for itself and on behalf of the other underwriters for the bonds, the Fifth Supplemental Trust Indenture, between the Authority U.S. Bank Trust Company, National Association, as trustee for the bonds, the Continuing Disclosure Agreement, between the Authority and U.S. Bank Trust Company, National Association, as dissemination agent, and the Escrow Deposit Agreement between the Authority and U.S. Bank Trust Company, National Association, as Escrow Agent. The Resolution appoints U.S. Bank Trust Company, National Association as the Trustee, Bond Registrar and Paying Agent under the Indenture, as Dissemination Agent under the Continuing Disclosure Agreement and as Escrow Agent under the Escrow Deposit Agreement. The Resolution also approves the form of the Preliminary Official Statement and authorizes an Authorized Officer of the Authority to execute and deliver on behalf of the Authority an Official Statement.

Mr. Ostow concluded by stating the Resolution authorizes the Authorized Officers of the Authority to make such other determinations and take such actions as may be necessary or advisable in connection with the issuance, sale and delivery of, and security for, the bonds and which are not inconsistent with the provisions of the Resolution and the Indenture. Such determinations and actions include, but are not limited to, the appointment of a verification agent for the refunding, the purchase of United States Treasury Obligations, State and Local Government Series or the appointment of a bidding agent for the purchase of open market Federal Securities.

Ms. Ford thanked Mr. Ostow and asked if there were any questions or comments on the information presented. There were no questions or comments. Ms. Ford then asked for a motion to approve a contingent bond sale on behalf of Greystone Park Psychiatric Hospital. Ms. Devane offered the motion. Mr. Lovell seconded. Ms. Ford asked if there 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 and the motion passed.

AB RESOLUTION NO. 2024-3-A

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Resolution entitled “**A RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REFUNDING BONDS, GREYSTONE PARK PSYCHIATRIC HOSPITAL, LEASE REVENUE REFUNDING BONDS, SERIES 2024.**”

Ms. Ford then called upon Mr. Ostow to read the Marlboro Psychiatric Hospital Resolution.

BOND RESOLUTION

Mr. Ostow began by stating that this Resolution authorizes the issuance of the Authority’s tax-exempt Department of Human Services Lease Revenue Refunding Bonds (Marlboro Psychiatric Hospital Project) Series 2024 in an aggregate principal amount not to exceed \$120 million at a true interest cost not to exceed 5.0% per annum. The Bonds would have a final maturity no later than the final maturity of the 2013A and 2013B Bonds to be refunded, which is September 15, 2033, and a maximum redemption price no greater than 103% of the principal amount of bonds being redeemed. The bonds would be secured by basic rent payments made by the Department of Human Services under the Agreement.

Mr. Ostow advised Members that pursuant to the resolution and in accordance with Executive Order No. 26 (Whitman 1994), the Authority determines to sell the bonds pursuant to a “negotiated sale” and finds that such negotiated sale is permissible as a result of the complex financing structure and volatile interest rate conditions. The Resolution approves in substantially final forms the Bond Purchase Contract between the Authority and JP Morgan LLC, for itself and on behalf of the other underwriters for the bonds, the Fifth Supplemental Trust Indenture, between the Authority and U.S. Bank Trust Company, National Association, as trustee for the bonds, the Continuing Disclosure Agreement, between the Authority and U.S. Bank Trust Company, National Association, as dissemination agent, and the Escrow Deposit Agreement between the Authority and U.S. Bank Trust Company, National Association, as Escrow Agent. The Resolution appoints U.S. Bank Trust Company, National Association as the Trustee, Bond Registrar and Paying Agent under the Indenture, as Dissemination Agent under the Continuing Disclosure Agreement and as Escrow Agent under the Escrow Deposit Agreement. The Resolution also approves the form of the Preliminary Official Statement and authorizes an Authorized Officer of the Authority to execute and deliver on behalf of the Authority an Official Statement.

Mr. Ostow then stated that the Resolution separately authorizes an Authorized Officer to execute an amendment to the Lease and a Third Amendment to the Agreement to reflect and facilitate the subdivision of Lot 11 in Block 159 in the Township of Marlboro, Monmouth County, New Jersey (the “Subdivision”). It is anticipated that this subdivision will take place after the bonds have been issued.

Mr. Ostow concluded by saying the Resolution authorizes the Authorized Officers of the Authority to make such other determinations and take such actions as may be necessary or advisable in connection with the issuance, sale and delivery of, and security for, the bonds and which are not inconsistent with the provisions of the Resolution and the Indenture. Such determinations and actions include, but are not limited to, the appointment of a verification agent for the refunding, the purchase of United States Treasury Obligations, State and Local Government Series or the appointment of a bidding agent for the purchase of open market Federal Securities.

Ms. Ford thanked Mr. Ostow then asked Members if they had any questions on the information presented. There were no questions. Ms. Ford then asked for a motion to approve a contingent bond sale on behalf of Marlboro Psychiatric Hospital. Ms. Devane offered the motion. Mr. Maddali 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 and the motion passed.

AB RESOLUTION NO. 2024-3-B

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Resolution entitled “**A RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REFUNDING BONDS, MARLBORO PSYCHIATRIC HOSPITAL, LEASE REVENUE REFUNDING BONDS, SERIES 2024.**”

3. NEGOTIATED SALES REQUEST & INFORMATIONAL PRESENTATION:

RWJBarnabas Health

Ms. Ford asked Edwin Fuentes to present the request for a negotiated sale in the form of a public offering on behalf of RWJBarnabas Health.

Mr. Fuentes thanked Ms. Ford and began by introducing RWJBarnabas Health representatives Frank Pipas, Executive Vice President and Chief Financial Officer, and Cathy Dowdy, Senior Vice President of Finance and Corporate Controller who were attending virtually.

Mr. Fuentes advised Members that RWJBarnabas Health (RWJBH or the System) is a not-for-profit, tax-exempt corporation in West Orange, New Jersey. RWJBH is the sole shareholder of the System's affiliated organizations and subsidiaries. The merger between Robert Wood Johnson and Barnabas Health in 2016 has allowed the Borrower to develop and operate a multihospital healthcare system providing a comprehensive spectrum of healthcare services, principally to the residents of New Jersey and surrounding areas.

Mr. Fuentes said the services and facilities of the System include 12 acute care hospitals, three acute care children's hospitals, a pediatric rehab hospital with a network of outpatient centers, an extensive behavioral health network including a freestanding 100-bed behavioral health center, two trauma centers, ambulatory care centers, geriatric centers, comprehensive home care and hospice programs, fitness and wellness centers, retail pharmacy services, a 2,000 physician medical group, multi-site imaging centers, accountable care organizations, a burn treatment facility, comprehensive cardiac surgery services, including a heart transplant center, a lung transplant center, kidney transplant centers, comprehensive cancer services, and comprehensive breast centers. RWJBH has also partnered with Rutgers University to form New Jersey's largest academic health system.

Mr. Fuentes stated that as of December 31, 2023, RWJBarnabas Health has approximately \$1.88 billion of bonds outstanding with this Authority.

Mr. Fuentes explained that the System will seek credit ratings in connection with the proposed issuances, and is currently rated "AA-" by S&P Global Ratings ("S&P") and "Aa3" by Moody's Investors Service.

Mr. Fuentes informed members that per the audited annual financial information for RWJBarnabas Health in 2022 provided in the meeting materials, the System experienced a deficiency in excess revenues over expenses of \$584.1 million, mainly due to investment performance. However, during the same period, patient revenues increased from \$6.07 billion in 2021 to \$6.99 billion in 2022, an approximate 15% increase. Cash also remained very strong, with Days Cash on Hand of 222.58 days, well above the statewide median of 99.25 days. Days in accounts receivable remained relatively consistent since 2020 at 40.71 days. Debt Service Coverage Ratio was 1.7 times.

Mr. Fuentes added that unaudited interim financial statements for the nine months ending September 30, 2023 show RWJBarnabas Health had excess revenues over expenses of \$180.9 million, a fairly robust increase in excess revenue over expenses compared to the same period in 2022.

RWJBarnabas's Annual Inpatient Utilization Trends from 2020 to 2022 indicate slight increases in Inpatient Days, Inpatient Admissions, and Average Length of Stay, with a modest decrease in Occupancy Rate.

RWJBarnabas Health has signed a Memorandum of Understanding with the Authority and requests its consideration to issue two separate series of bonds on its behalf, in an aggregate principal amount not to exceed a total of \$760 million.

According to Mr. Fuentes, the proceeds of the Series 2024A bonds will be used to: (1) reimburse RWJBH for the costs of planning, development, acquisition, construction, equipping, expansion, furnishing and renovation of all or a portion of various capital projects including, but not limited to:

(A) construction of a new Cancer Center, renovations of the Emergency Department, relocation of certain outpatient care units, renovations to accommodate a new C-Section suite, at Cooperman Barnabas Medical Center;

(B) at Rutgers Cancer Institute of NJ, construction of a comprehensive care center including a 12 story, approximately 512,000 sq. ft. building for outpatient care, inpatient care and research facilities, enclosed aerial walkways, and a loading dock;

(C) at Fort Monmouth Campus of Monmouth Medical Center, a new 145,760 sq. ft. Cancer Center and Ambulatory Care Pavilion;

(D) at Community Medical Center, various renovations and construction of offices for hospital support departments, construction of a new six level parking garage, and installation of underground utilities and services;

(E) at Newark Beth Israel Medical Center, installation of emergency power electrical equipment, renovation and expansion of the Emergency Dept., expansion of imaging and surgical services, catheterization laboratory, renovations to create private inpatient medical surgery rooms and critical care rooms;

(F) at Robert Wood Johnson University Hospital in New Brunswick, construction of a new two story Central Utility Plant within the new parking garage, expansion and renovation of the Surgical Suite, Central Sterile Processing replacement and Support Department expansion, and renovations of the Emergency Department;

(G) at Robert Wood Johnson University Hospital Somerset, expansion of catheterization laboratory suite and outpatient vascular services, acquisition of a 3 story medical office, construction of a 2 story addition to existing inpatient private medical surgery expansion.

Mr. Fuentes then said more details on the completed projects to be reimbursed can be found in Exhibit A of the Bond Resolution presented to you today. Proceeds of the 2024A bonds will also be used for the purposes of refunding all or a portion of RWJBH's Series 2019B-1 bonds, and to pay the related costs of issuance for the Series 2024A bonds.

Mr. Fuentes told Members that the proceeds of the Series 2024B bonds will be used to: (1) refund all or a portion of RWJBarnabas Health's bonds: (i) Robert Wood Johnson University Hospital Issue, Series 2013A, (ii) Robert Wood Johnson University Hospital Issue, Series 2014A, and/or (iii) Barnabas Health Obligated Group Issue, Series 2014A; and to pay the related costs of issuance for the Series 2024B bonds.

Mr. Fuentes further stated that RWJBarnabas has asked that the Authority permit the use of a negotiated sale based on the sale of a complex or poor credit; large issue size; volatile market conditions; sale of a complex financing structure; and a sale that may involve one or more variable rate transactions. These reasons are considered under the Authority's policy regarding Executive Order #26, to be justifications for the use of a negotiated sale; therefore, staff recommends the consideration of the resolution, included in your meeting materials, approving the use of a negotiated sale and the forwarding a copy of the justification in support of said resolution to the State Treasurer.

Mr. Fuentes advised Members that the Attorney General's Office has assigned Wilentz, Goldman & Spitzer P.A. to serve as Bond Counsel for this transaction. Further, RWJBarnabas Health has selected Jefferies, LLC as the senior managing underwriter for both series of bonds.

Mr. Fuentes then introduced Ms. Taryn Rommell, Director of Research, Investor Relations and Compliance, who will provide Members with a review of the Borrower's managerial financial projections. Mr. Fuentes then said that following her presentation, should the members have any questions or concerns, he, Mr. Pipas, Ms. Dowdy, or Ms. Rommell would address them.

Ms. Rommell thanked Mr. Fuentes and wished everyone a good morning.

Ms. Rommell began by stating Authority staff reviewed the financial projections and related assumptions prepared in connection with RWJBarnabas Health's proposed transactions. Staff found the projections very comprehensive and management's underlying assumptions to be reasonable.

Ms. Rommell advised Members that RWJBarnabas Health's operating margins of approximately 2.5% & 3.3% in 2024 and 2025 are well above the Q3 2023 Apollo system median of 1.6% and well above S&P's 2022 U.S. median for similarly rated hospital systems of -0.9%. EBITDA margin (Earnings Before Interest, Taxes, Depreciation and Amortization) would be 7.59% in 2024 and 8.52% in 2025, above the 2022 Standard & Poor's U.S. median for AA- systems of 6.7%. RWJBarnabas Health would have approximately 175 days of cash on hand in 2024 and 172 days cash on hand in 2025.

Ms. Rommell concluded by stating staff's analysis suggests RWJBarnabas Health would have adequate profitability to generate sufficient funds to meet its debt service requirements during the forecast period. Ms. Rommell stated that she, or RWJBarnabas Health's management would be pleased to answer any questions you may have.

Ms. Ford thanked Mr. Fuentes and Ms. Rommel and asked if there were any questions or comments on the material presented. Ms. Ford then asked for a motion to approve a negotiated sale in the form of a public offering on behalf of RWJBarnabas Health. Mr. Lovell offered the

motion. Mr. Paulino 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 and the motion was approved.

AB RESOLUTION NO. 2024-3-C

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled **“RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY NEGOTIATED TRANSACTION PURSUANT TO EXECUTIVE ORDER NO. 26 (WHITMAN)”**

(attached)

4. APPOINTMENT OF CO-MANAGERS: RWJBarnabas Health

Ms. Ford called on Bill McLaughlin to present the appointment of co-managers for the RWJBarnabas Health transaction.

Mr. McLaughlin began by advising Members that RWJBarnabas Health has notified this Authority that it has completed a competitive process and selected Jefferies, LLC, to serve as its senior managing underwriter for its proposed bond issuances.

Mr. McLaughlin said that under current policy, co-managing underwriter assignments are awarded on a rotational basis, considering the firm's demonstrated ability to distribute New Jersey securities of comparable credit quality, capital sufficiency, and Borrower preference.

Mr. McLaughlin explained that given the expected aggregate par amount of \$760 million, \$445 million for Series 2024A, and \$315 million for Series 2024B, the staff recommends assigning four co-managers. Staff supports the Borrower's recommended appointment of Robert W. Baird & Co. and JP Morgan Securities as co-managing underwriters and proposes adding Siebert Cisneros Shank & Co. and Bancroft Capital to the transaction as co-managing underwriters.

Mr. McLaughlin concluded his presentation by advising Members that the Authority has qualified each firm to serve as a co-managing underwriter, demonstrated its ability to distribute

New Jersey securities, and has sufficient capital to participate in the transaction. Therefore, the staff is requesting the Member's approval to name Siebert Cisneros Shank & Co., Bancroft Capital, Robert W. Baird & Co., and JP Morgan Securities as co-managing underwriters for the proposed RWJBarnabas Health Series 2024A and Series 2024B bond issuances.

Ms. Ford thanked Mr. McLaughlin and then asked Members if they had any questions on the material presented. Ms. Ford then asked for a motion to approve the appointment of Robert W. Baird Co., and JP Morgan as co-managing underwriters for the RWJBarnabas Health transaction along with Bancroft Capital, LLC and Siebert Cisneros Shank & Co., LLC. Mr. Maddali offered 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 then called for a vote. All Members voted in the affirmative and the motion was approved.

AB RESOLUTION NO. 2024-3-D

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution appointing Robert W. Baird Co., and JP Morgan and Bancroft Capital, LLC and Siebert Cisneros Shank & Co., LLC as co-managing underwriters for the RWJBarnabas Health transaction.

5. CONTINGENT BOND SALE AND TEFRA HEARING: RWJBarnabas Health

Ms. Ford announced that the following portion of the meeting was a public hearing in connection with the proposed issuance of bonds on behalf of RWJBarnabas Health. Ms. Ford 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 and the regulations promulgated thereunder, as modified by the Internal Revenue Service Revenue Procedure 2022-20.

Ms. Ford called upon Edwin Fuentes to bring Members up-to-date on the transaction.

Mr. Fuentes thanked Ms. Ford, then informed Members that as part of the public TEFRA meeting, members of the public were allowed to provide comments to the Authority via email. As of yesterday's deadline of 9 a.m., the Authority did not receive any written comments.

Mr. Fuentes said that we are now requesting the approval of a contingent sale of two series of tax-exempt bonds on behalf of RWJBarnabas Health and that John Kelly of Wilentz Goldman and Spitzer, Bond Counsel for the proposed transaction, will present the Bond Resolution.

Mr. Fuentes stated that following the reading of the resolution, he, Mr. Pipas, Ms. Dowdy Mr. Kelly, or will address any issues or questions Members may have.

BOND RESOLUTION

Mr. Kelly thanked Mr. Fuentes and began by stating that this Bond Resolution authorizes the issuance of the tax-exempt Series 2024A Bonds in an aggregate principal amount not to exceed \$445,000,000 as set forth in the Trust Agreement pursuant to which the Series 2024A Bonds will be issued. The Series 2024A Bonds will be issued for the purposes of: (i) reimbursing the Borrower for all or a portion of the costs of the Project previously paid by the Borrower from its own funds (as described in Exhibit A of the Bond Resolution), (ii) effectuating the refunding of the RWJBarnabas Health Series 2019B-1 Bonds (the “Series 2019B-1 Refunding”) and (iii) paying certain costs incurred in connection with the issuance and sale of the Series 2024A Bonds.

Mr. Kelly informed Members that the Series 2024A Bonds may be issued as traditional fixed interest rate to maturity bonds or variable interest rate multi-modal bonds, in one or more sub-series, and will bear interest at the rate set forth in the Series 2024A Trust Agreement. With respect to any Series 2024A Bonds issued as fixed interest rate bonds to maturity, the true interest cost shall not exceed six percent (6.00%). With respect to any Series 2024A Bonds issued as variable interest rate bonds, from their date of initial issuance and delivery to, but not including, the immediately succeeding Reset Date of the interest rate (as defined in the Trust Agreement), the true interest cost of such Series 2024A Bonds shall not exceed six percent (6.00%). Thereafter, such Series 2024A Bonds shall bear interest at the rate as shall be determined in accordance with the Series 2024A Trust Agreement, provided, however, that in no event shall the interest rate on such Series 2024A Bonds exceed the Maximum Rate (as defined in the Series 2024A Trust Agreement). The redemption price for any Series 2024A Bond shall not exceed one hundred and five percent (105%) of the principal amount of such Series 2024A Bond. The final maturity date of the Series 2024A Bonds shall not be later than July 1, 2064.

Mr. Kelly stated that the Bond Resolution also authorizes the issuance of the tax-exempt Series 2024B Bonds in an aggregate principal amount not in excess of \$315,000,000 as set forth in the Trust Agreement pursuant to which the Series 2024B Bonds will be issued. The Series 2024B Bonds will be issued for the purposes of: (i) effectuating the refunding of the RWJ Series 2013A Bonds, the RWJ Series 2014A Bonds and/or the Barnabas Health Series 2014A Bonds (together, along with the Series 2019B-1 Refunding, the “Refundings”), and (ii) paying certain costs incurred in connection with issuance and sale of the Series 2024B Bonds.

Mr. Kelly said the Series 2024B Bonds may be issued as traditional fixed interest rate to maturity bonds or variable interest rate multi-modal bonds, in one or more sub-series, and will bear interest at the rate set forth in the Series 2024B Trust Agreement. With respect to any Series 2024B Bonds issued as fixed interest rate bonds to maturity, the true interest cost shall not exceed six percent (6.00%). With respect to any Series 2024B Bonds issued as variable interest rate bonds, from their date of initial issuance and delivery to, but not including, the immediately succeeding Reset Date (as defined in the Trust Agreement), the true interest cost of such Series 2024B Bonds shall not exceed six percent (6.00%). Thereafter, such Series 2024B Bonds shall bear interest at the rate as shall be determined in accordance with the Series 2024B Trust Agreement, provided, however, that in no event shall the interest rate on such Series 2024B Bonds exceed the Maximum Rate (as defined in the Series 2024A Trust Agreement). The redemption price for any Series 2024B Bond shall not exceed one hundred and five percent (105%) of the principal amount of such Series 2024B Bond. The final maturity date of the Series 2024B Bonds shall not be later than July 1, 2064.

Mr. Kelly further explained that both the Series 2024A and Series 2024B Bonds will be issued by the Authority under and pursuant to two separate Trust Agreements, each by and between the Authority and U.S. Bank Trust Company National Association, as Bond Trustee. Both will be secured by payments to be made by RWJBarnabas, under two separate Loan Agreements with the Authority, and evidenced and secured by two separate promissory notes of RWJBarnabas, and amounts on deposit in certain funds held by the Bond Trustee. The promissory notes will be issued under the existing Master Trust Indenture by and among RWJBarnabas Health, Inc., on behalf of itself and the other members of the Obligated Group, and The Bank of New York Mellon, as Master Trustee. The promissory notes will be secured by a gross revenue pledge of the Obligated Group under the Master Trust Indenture.

Mr. Kelly advised Members that the Bond Resolution approves the form of, and authorizes the execution of, the Series 2024A Bonds and the respective Loan Agreement, Trust Agreement, Preliminary Official Statement and final Official Statement relating to the Series 2024A Bonds. Additionally, the Bond Resolution approves the form of, and authorizes the execution of, the Series 2024B Bonds and the respective Loan Agreement, Trust Agreement, Preliminary Official Statement and final Official Statement relating to the Series 2024B Bonds.

Mr. Kelly further advised Members that the Bond Resolution appoints U.S. Bank Trust Company National Association, as Bond Trustee, Bond Registrar and Paying Agent for both the Series 2024A and 2024B Bonds. The Bond Resolution also approves the form of and authorizes the execution of both the Series 2024A and Series 2024B Bond Purchase Contracts, each with Jefferies, LLC, the senior managing Underwriter, at an underwriting discount (including counsel fees) not in excess of \$6.00 per \$1,000 principal amount.

Mr. Kelly concluded by stating the Bond Resolution also authorizes the Authorized Officers of the Authority to execute and deliver such other documents and to take such other action as may be necessary or appropriate to effectuate the execution and delivery of the respective Series 2024A and 2024B Bond Purchase Contracts, the Trust Agreements, the Loan Agreements and the Letters of Instructions, the financing of the Series 2024A Project, the completion of the Refundings, and the issuance and sale of both the Series 2024A and Series 2024B Bonds.

Ms. Ford thanked Mr. Fuentes and Mr. Kelly and then asked Members if they had any questions on the presentation. There were no questions. Ms. Ford then asked if there were any questions or comments from the public. There were no questions or comments.

Ms. Ford asked for a motion to approve a contingent bond sale on behalf of RWJBarnabas Health. Mr. Paulino offered 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 then called for a vote. All Members voted in the affirmative and the motion passed.

AB RESOLUTION NO. 2024-3-E

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Resolution entitled “**A RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS, RWJBARNABAS HEALTH LEASE REVENUE REFUNDING BONDS, SERIES 2024.**”

Ms. Ford congratulated the representatives of RWJBarnabas Health and asked those representatives if they had anything to add.

Frank Pipas, executive vice president and chief financial officer of RWJBarnabas Health thanked the Board for its time and effort on this matter and that RWJBarnabas Health appreciates the support the Authority has provided throughout the financing process.

Ms. Ford thanked the RWJBarnabas Health, complimented the team’s professionalism and expressed pleasure working with them.

Ms. Ford then closed the public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder, as modified by the Internal Revenue Service Revenue Procedure 2022-20.

6. AUTHORITY EXPENDITURES

Ms. Ford referenced a summary of Authority expenses and invoices provided to the Members. Mr. Lovell the motion to approve the expenses. Ms. Devane 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. 2024-3-F

WHEREAS, the Members of the Authority have reviewed the memoranda dated March 20, 2024, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses, in the amounts of \$24,214.50 and \$40,141.11, 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.

7. STAFF REPORTS

Ms. Ford thanked staff and then asked Executive Director Frank Troy to present his Executive Director's report.

Mr. Troy thanked Ms. Ford and then thanked the RWJBarnabas Health management and project team members for all of their hard work throughout the transaction process. Mr. Troy then reported the following:

1. Members who are not full-time State employees are reminded that there is a virtual Special State Officer training session at 11:30 this morning presented by the State Ethics Commission. Thank you for your cooperation in meeting this annual requirement.

2. **New Jersey Hospital News**
 - a) Six New Jersey hospitals were named among the world's best by Newsweek: Morristown Memorial at #47, Hackensack University Medical Center at #58, Valley Hospital at #137, Overlook Medical Center at #174, Englewood Hospital and Medical Center at #329 and Monmouth Medical Center at #411.
 - b) John Doll of RWJBarnabas Health ("Barnabas") was named a COO to Know by Becker's Hospital Review. John is very familiar to and well respected by Authority staff having previously served Barnabas as CFO.
 - c) Rutgers Cancer Institute of New Jersey, together with Barnabas, was re-designated by the National Cancer Institute as a Comprehensive Cancer Center, placing it among the top cancer centers reviewed in 2023. This prestigious designation, held by only 56 such centers across the nation, is granted competitively to institutions characterized by the highest level of scientific excellence in cancer research and the ability to translate research discoveries into novel treatments.

- d) Four Hackensack Meridian Health (“HMH”) hospitals are first in the nation to achieve The Joint Commission’s Sustainable Healthcare Certification (“SHC”) having met rigorous standards to accelerate sustainability and equity efforts. The four are Hackensack University Medical Center, Hackensack Meridian Bayshore Medical Center, Hackensack Meridian Jersey Shore University Medical Center and Hackensack Meridian Ocean University Medical.
- e) In other HMH news, groundbreaking was held for a unique mixed-use project that will include health care, residential and retail space on 12 acres at the Metropark transit station in Woodbridge. HMH is one of several joint venture partners.
- f) CarePoint Health (“CarePoint”) continues to be in the news due to its financial struggles. The State has recently supported CarePoint with over \$8 million in loans. CarePoint and McCabe Ambulance recently dropped a lawsuit filed in 2022 against Jersey City Medical Center claiming it deliberately steered ambulances to its own emergency department and not to CarePoint Hospitals between 2019 through 2022, which resulted in CarePoint losing revenue.
- g) CareWell Health Medical Center in East Orange was recently placed on emergency divert status by the Department of Health due to staffing issues in its radiology department. The hospital was at risk of an admission ban if corrective action was not taken.
- h) Virtua Health and JNESO agreed to a new three-year contract covering over 1,600 nurses. Salaries will increase up to 16% over the term of the contract.
- i) University Hospital CEO, Ed Jimenez, testified before the State Senate Budget and Appropriations Committee on March 19, 2024. A NJ Spotlight article on the subject is included in your materials.
- j) Also included is an article from the 97.3FM website that lists New Jersey hospitals that are either in compliance or out of compliance with federal price transparency laws. According to the Patient Rights Advocacy Group, only 34.5% of U.S. hospitals are fully compliant.

3. Ratings Agency Actions and Publications

- a) Fitch Ratings (“Fitch”) released a preview of 2023 not-for-profit hospital medians based largely on organizations with a June 30, 2023 year-end. Operating margin was -0.5% compared to +0.9% in 2022 and +3.8% in 2021. On a more positive note, expenses grew at 6.9% in 2023 compared to 10.5% in 2022. Revenue growth, however, continues to lag behind the growth in expenses.
- b) Moody’s Rating Service (“Moody’s”) affirmed St. Luke’s University Health Network’s (“St. Luke’s” or the “Network”) A3 rating citing a long trend of above average operating profitability and well executed enterprise growth. The outlook is Stable. St. Luke’s was also recently affirmed at the equivalent A- rating by S&P Global Ratings (“S&P”), also with a Stable outlook. The Network is the sole corporate member of St. Luke’s Warren Hospital in Phillipsburg.
- c) S&P upgraded the Cooper Health System (“Cooper”) one notch to an A rating with a Stable outlook on February 29, 2024. S&P noted “Cooper’s sustained trend of healthy operations

despite elevated labor costs and inflationary pressures”. Fitch recently assigned Cooper an A+ rating, also with a Stable outlook.

- d) According to Moody’s latest Sector-In-Depth, hospitals face rising risk of revenue declines due to U.S. seniors increasingly opting for Medicare Advantage plans rather than traditional coverage and the increasing dominance in the market by a small number of insurers putting hospitals at a disadvantage in rate negotiations.

4. New Jersey Health Care News

- a) Gov. Phil Murphy’s fiscal year 2025 budget includes a proposed overhaul of the State’s charity care system, rerouting charity care funds to a new Medicaid model of reimbursement. Gov. Murphy’s proposal would drop the total charity care pool, which helps cover the cost of care for uninsured residents for hospitals from \$342 million to \$137 million. The cut in charity care funds would be rerouted to a “new Medicaid outpatient hospital supplemental state-directed payment,” according to budget documents released Tuesday, February 27, 2024. Administration officials said that rerouting the funds would allow the State to receive higher federal matching funds under the Medicaid program compared to the charity care program. The proposed change would be a net positive to hospitals, although some could see small cuts.
- b) The Governor’s Office released the independent review of the State’s response to the COVID-19 pandemic. The 910-page report was authored by the law firm Montgomery McCracken Walker & Rhoads with assistance from the Boston Consulting Group. According to Governor Murphy, New Jersey is the only state in the nation to have completed this type of independent and comprehensive review. If you would like to receive a link to the report, please contact me.

5. National Health Care News

- a) The February 2024 Kaufman Hall National Hospital Flash Report reported continued improvement in operating margins on a year-over-year basis. Net revenue has not increased as much as gross revenue suggesting aggressive tactics by payors. Kaufman Hall found continued growth in drug and supply expenses.
- b) In his most recent blog, Ken Kaufman of Kaufman Hall noted “too many hospitals are still losing money and high performing hospitals continue to do better and better while low performing hospitals appear to have stagnated.
- c) Professional services firm Deloitte suggests hospital operating margins must improve citing a study that found “financially stable hospitals have better patient experience, lower readmission rates and show evidence of decreased risk of adverse patient quality and safety outcomes”.
- d) The False Claims Act (the “Act”), passed in 1863, continues to be a revenue source for the federal government. Over \$2.7 billion in settlements and judgements were announced in federal fiscal year 2023, the highest ever in a single year. Of that, \$1.8 billion involved the

health care industry. Qui tam or “whistleblower” suits continue to account for most suits filed under the Act.

- e) Much has been written about the recent cyberattack on Change Healthcare that started on February 21, 2024 that has hampered billing and payment operations and other processes across the healthcare industry. The company, which was bought by UnitedHealth Group in October 2022 and subsequently combined with Optum, is a leading technology provider of revenue cycle management, clinical decision support and pharmacy benefit solutions. Functions being impacted include benefits verification, claims submission and status updates, remittance information transmittal and prior authorization, all of which ultimately affect health care providers’ cash flow. According to the American Hospital Association, 94% of U.S. hospitals have been financially impacted. While there is no doubt disruptions have occurred, how serious the problem is remains unclear. Smaller providers like pharmacies and physician practices and unrated hospitals with weak liquidity have been impacted more severely than larger hospitals and health systems. Optum has drawn criticism for what the health care industry views as a slow and inadequate response.
- f) The House Ways and Means Committee advanced a bill that would bar the Center for Medicare and Medicaid Services (“CMS”) from finalizing its proposed and very controversial nursing home minimum staffing standards. CMS estimated in September 2023 that almost 75% of nursing homes would need to increase staffing in order to comply. The industry questions the ability to hire up to the new standards given long-term care facilities have been dealing with the same staffing shortages as hospitals. Patient advocacy groups accused the industry of sacrificing care for profits.

6. Bond and Tax Legislation and Regulatory News

- a) The \$55 million tax-exempt bond issue on behalf of Holy Name Medical Center approved during the March 6, 2024 special Authority meeting closed yesterday, March 27, 2024.
- b) On Wednesday, March 20, 2024, the Fed held the federal funds rate steady at its current range of 5.25% to 5.5% after inflation edged up in January and February. The Fed did forecast, however, three 25 basis point cuts were possible later this year.

7. Other News

I included an article from CPA Now, which lists values every CPA should live by. On reflection, these are values everyone should embrace: integrity, professional competence, building lasting relationships, communication and adaptability.

8. Authority News

The State Senate has confirmed Authority Chair, Dr. Kaitlan Baston, as the 23rd Commissioner of Health. Congratulations!

In sad news, Marji McAvoy, who worked at the Authority for over 24 years, passed away on February 29, 2024. Marji, who retired in 2018 as Controller, was known for her dry sense of humor and her over-the-top observance of Halloween.

I want to thank the members of the project teams that worked so hard on the Holy Name, Department of Human Services and RWJBarnabas Health transactions. It was a lot of work in a compressed timeframe.

A reminder the next Authority meeting will be Thursday, April 25, 2024 at 10:00AM

Thank you.

8. ADJOURN

Ms. Ford thanked Mr. Troy for his report.

As there was no further business, Ms. Ford asked for a motion to adjourn. Mr. Lovell made the motion and Mr. Paulino seconded. All Members voted in the affirmative. The meeting was adjourned at 11:04 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 MARCH 28, 2024.

Cindy Kline, Assistant Secretary