

Minutes of the New Jersey Health Care Facilities Financing Authority Annual Meeting held on May 28, 2020 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following *Authority Members* were in attendance:

Via telephone, Dr. Munr Kazmir, (Chairing) Vice Chair (Public Member); Robin Ford, Designee of the Department of Health; Greg Lovell, Designee of the Commissioner of Human Services; Manny Paulino, Designee of the Commissioner of Banking and Insurance; and Suzette Rodriguez (Public Member)

The following *Authority staff members* were in attendance:

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

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

Via telephone, George Loeser, Attorney General's Office; Lauren Nathan-LaRusso, Governor's Authorities Unit; Tamara Cunningham, RWJBarnabas

CALL TO ORDER

Dr. Kazmir called the meeting to order at 10:05 a.m. and announced that this was the Annual Meeting of the Authority, held in accordance with the schedule adopted at the May 23, 2019 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.

1. APPROVAL OF MINUTES

April 23, 2020 Authority Meeting

Minutes for the Authority's April 23, 2020 regular meeting were distributed for review and approval prior to the meeting. Dr. Kazmir asked for a motion to approve the minutes. Ms. Ford made the motion. Mr. Lovell seconded. Dr. Kazmir asked if there were any questions or comments on the motion. There were no questions or comments. All members voted in the affirmative and the minutes were approved.

2. NEGOTIATED SALE REQUEST Equipment Revenue Note Program

Dr. Kazmir asked Michael Solidum to present the request for a negotiated sale in the form of a private placement for the Equipment Revenue Note Program to the Members.

Mr. Solidum reminded the Members that the Authority's Equipment Revenue Note Program offers borrowers a quick turnaround for financings no greater than \$60 million for the purpose of acquiring equipment or retrofitting a facility for equipment.

According to Mr. Solidum, the Members at previous Authority meetings pre-approved the use of a negotiated private placement for financings completed under this program. This method of sale is permitted under Executive Order #26 and was requested by the Authority's Advisory Panel in order to complete these transactions in a more efficient and timely manner.

Mr. Solidum then directed the Members to the Resolution provided in their meeting packets for their consideration. The Resolution extends the ability to use negotiated private placements for the Equipment Revenue Note Program through May 31, 2021.

Dr. Kazmir asked for a motion to approve the use of a negotiated sale in the form of a private placement for the Equipment Revenue Note Program. Mr. Lovell made the motion. Ms. Ford seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. Dr. Kazmir then called for a vote. All Members voted in the affirmative and the motion was approved.

AB RESOLUTION NO. UU-01

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.”**

(attached)

3. REPORT ON THE COVID-19 EMERGENCY LOAN PROGRAM

Dr. Kazmir asked Edwin Fuentes to bring the members up to date on the status of the COVID-19 Emergency Loan Program.

Mr. Fuentes reminded the Members that, on March 26, 2020, they approved a resolution authorizing the creation of a loan program whereby this Authority will provide up to \$6,000,000 to fund bridge loans to healthcare organizations in order to alleviate the detrimental effects of the

COVID-19 pandemic on the State of New Jersey (the “COVID-19 Loan Program”). Approved borrowers would receive loans bearing a zero percent interest rate and be secured solely by funds received by the Borrower from federal and state grants, and other financial aid received as a response to the COVID-19 pandemic.

Mr. Fuentes directed the Members to the memo in their meeting packets detailing the activity of the COVID-19 Loan Program since its creation. To date, the Authority has received two COVID-19 Loan Program applications: Christ Hospital and Salem Medical Center. Christ Hospital requested \$4,129,000, while Salem Medical Center requested \$2,000,000.

According to Mr. Fuentes, the committee approved two loans: Christ Hospital in the amount of \$1,437,500 and Salem Medical Center in the amount of \$1,420,789. Both loans were anticipated to be used exclusively for funding additional agency staffing to handle COVID-19 patients, or the overflow from other hospitals due to COVID-19. However, as of this report, Christ Hospital decided to withdraw from the COVID-19 loan program, even though it had received approval from the Authority.

Mr. Fuentes reported that Salem Medical Center closed on their COVID19 loan on May 4th, 2020. Since the closing, the Authority has processed 11 requisitions totaling \$672,781.24.

Mr. Fuentes concluded by stating that, of the \$6,000,000 established in the program, \$4,579,211 remains left for lending. He then offered to answer any questions the Members had.

Dr. Kazmir reminded the Members that this presentation was for information only and no action was required.

4. OLD/NEW BUSINESS

a. Election of Officers

b. Approval of Meeting Schedule

Dr. Kazmir announced that the May meeting serves as the Authority’s Annual Meeting and therefore, the Members were required to elect officers and approve meeting dates for the upcoming year. Dr. Kazmir asked for nominations for the officers.

a. Election of Officers

Robin Ford made the following nominations:

Officers of the Authority

Vice Chair	Dr. Munr Kazmir
Secretary	Suzette Rodriguez
Assistant Secretaries	Cindy Kline Ron Marmelstein (vacant)
Treasurer	Suzette Rodriguez
Assistant Treasurer	(vacant)

Authority Finance Committee

Chair	Suzette Rodriguez
Members	Dr. Munr Kazmir Suzette Rodriguez (vacant)
Alternate Member	(vacant)

Authority Evaluation Committee

Chair	Suzette Rodriguez
Members	Suzette Rodriguez Dr. Munr Kazmir (vacant)

Ms. Ford also nominated the ex-officio Members from the Department of Health and Department of Banking and Insurance, or their designees, Ms. Ford and Mr. Paulino, and Ryan Feeney, a representative from Treasury, to serve on the Audit Committee.

According to the Authority’s enabling legislation, Judith M. Persichilli, as Commissioner of Health, will remain as Chair.

Dr. Kazmir asked if there were any other nominations. There were none. Dr. Kazmir asked for a motion to approve the list of nominations. Mr. Lovell made the motion. Ms. Rodriguez

seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. Dr. Kazmir called for a vote. The vote was unanimous and the motion carried.

As it was the Annual Meeting, Dr. Kazmir took the opportunity to thank Executive Director Mark Hopkins and the Authority staff for all of their hard work throughout the year.

Dr. Kazmir noted that the terms of the Authority's elected officers begin immediately following the Governor's ten-day veto period, barring any veto notification from the Governor's Office.

AB RESOLUTION NO. UU-02

WHEREAS, with respect to the Authority's elected official positions, one of the three Assistant Secretary roles and the role of Assistant Treasurer will remain vacant and may be filled at a later date with the appointment of new Authority Members,

NOW, THEREFORE, BE IT RESOLVED, that the following individuals are hereby elected to serve in the official positions noted until May 28, 2020, or until the next election of officers:

Vice Chair – Dr. Munr Kazmir
Secretary – Suzette Rodriguez
Assistant Secretaries – Cindy Kline and Ron Marmelstein
Treasurer – Suzette Rodriguez

BE IT FURTHER RESOLVED, that the Authority's Finance Committee will be chaired by Suzette Rodriguez with Dr. Munr Kazmir serving as Committee member.

BE IT FURTHER RESOLVED, that the Authority's Evaluation Committee will be chaired by Suzette Rodriguez with Dr. Munr Kazmir as Committee member.

BE IT FURTHER RESOLVED, that the Authority's Audit Committee consists of the ex-officio Members from the Department of Health and Department of Banking and Insurance, or their designees, Robin Ford and Manny Paulino, and Ryan Feeney, a representative from Treasury.

b. 2020/2021 Calendar

Dr. Kazmir referenced a proposed list of dates on which to conduct meetings of the Authority and its Finance Committee for the coming year. Ms. Ford offered a motion to adopt the schedule. Mr. Paulino seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. Dr. Kazmir then called for a vote. The vote was unanimous and the motion carried.

AB RESOLUTION NO. UU-03

NOW THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the following schedule of dates on which to conduct meetings of the Finance Committee and the Authority; and,

BE IT FURTHER RESOLVED, that, as provided by the provisions of the Open Public Meetings Act and the Authority’s By-laws, the Assistant Secretary is authorized to provide notice of these meeting dates to the Authority’s designated newspapers, to post notice in the Authority offices and on the Authority’s website, and provide notice to the Secretary of State.

FINANCE 10:00 a.m.	AUTHORITY* 10:00 a.m.
2020	2020
Tuesday, June 9	Thursday, June 25
Tuesday, July 7	Thursday, July 23
Tuesday, August 11	Thursday, August 27
Tuesday, September 8	Thursday, September 24
Tuesday, October 6	Thursday, October 22
Wednesday, November 4	Thursday, November 19
Tuesday, December 1	Thursday, December 17
2021	2021
Tuesday, January 12	Thursday, January 28
Tuesday, February 9	Thursday, February 25
Tuesday, March 9	Thursday, March 25
Tuesday, April 6	Thursday, April 22
Tuesday, May 11	Thursday, May 27**

Dr. Kazmir noted for the record that, unless advertised to the contrary, all meetings are open to the public and shall be held in the Authority’s office on the fourth floor of Building #4, Station

Plaza, 22 South Clinton Avenue, Trenton, New Jersey. He added that the Authority's staff will perform the required public announcement and notification of the meeting dates once the Governor's ten-day veto period has passed.

5. APPROVAL OF EXPENSES

Dr. Kazmir referenced a summary of Authority expenses and invoices provided to the Members. Ms. Ford made the motion to approve the expenses. Ms. Rodriguez seconded. Dr. Kazmir asked if there were any questions or comments on the motion. There were no questions or comments. Dr. Kazmir then called for a vote. All Members voted in the affirmative and the resolution was approved to approve the bills and to authorize their payment.

AB RESOLUTION NO. UU-04

WHEREAS, the Members of the Authority have reviewed the memoranda dated May 20, 2020 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of \$17,000.00 and \$13,556.08 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.

6. STAFF REPORTS

Dr. Kazmir thanked staff for the Project Development Summary, Cash Reconciliation Report, First Quarter Budget Report and Legislative Update.

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

Mr. Hopkins reported the following:

1. New Jersey Coronavirus News
 - a. Yesterday, May 27, 2020, Governor Murphy and Commissioner Persichilli announced New Jersey had 156,628 confirmed cases of COVID-19 through May 26, 2020 and 11,339 deaths. New cases, hospitalizations and deaths have been on a relatively steady downward trend since April 23.

- b. On May 7, Governor Murphy extended his declaration of a public health emergency, originally declared on March 9, for another 30 days through June 5th. However, since we last met, Governor Murphy has gradually relaxed some restrictions including allowing parks, golf courses, beaches and boardwalks to open while also allowing non-essential retailers to open for curbside pick-up, outside gatherings can be held with up to 25 people and elective surgeries can resume. He urges people to wear masks in public and continue social distancing.
- c. New Jersey is among seven northeastern states to pool resources to acquire personal protective equipment, ventilators and other medical supplies and equipment needed to combat the coronavirus.
- d. As coronavirus cases subsided in northern New Jersey, the pop-up hospital constructed by the Army Corps of Engineers in the Meadowlands Exposition Center in Secaucus was closed on May 10.
- e. New Jersey is among the states where people are staying home the most, according to analysis of cell phone GPS data by The Washington Post. Ten of New Jersey's 21 counties had residents staying at home at least 96% of the time the week ending April 30th.
- f. On May 19, Governor Murphy announced a three-stage plan for reopening based on meeting certain milestones with the caveat that, until there is a vaccine available, the new normal will include continued social distancing, frequent hand-washing, limited gathering sizes and wearing masks in public.
- g. New Jersey is focusing on COVID-19 testing and contact tracing going forward with 800 to 900 existing contact tracers about to be supplemented by at least another 1,000 contact tracers to follow up with people who have tested positive and encourage them to seek treatment and quarantine.
- h. The saliva-based COVID-19 test developed by Rutgers started to be rolled out on April 24 and is planned to be utilized at the State's developmental centers in addition to its current use at University Hospital, RWJBarnabas Health, Hackensack Meridian Health, Atlantic Health System as well as other hospitals. A home test is being reviewed for approval by the FDA.
- i. COVID-19 has significantly accelerated the adoption of telehealth by New Jersey doctors aided by expanded telehealth reimbursement options from Medicare as a reaction to dangers and difficulties of patients physically going to doctors' offices as a result of the pandemic.

2. New Jersey Hospital News

- a. Hudson County Freeholders, at the urging of County Executive Tom DeGise, voted to allow the Hudson County Improvement Authority to pursue the acquisition, including, if necessary, by eminent domain, of the properties under Bayonne Medical Center, Christ Hospital and Hoboken University Medical Center, which operate together as CarePoint Health. Shortly thereafter, Avery Eisenreich, the current owner of the 100% of the property under Bayonne Medical Center and 75% of the property under Hoboken University Medical Center, announced he had reached a deal to lease his interest in those properties and sell the operations to the owner of Hudson Regional Medical Center, Yon Moshe. The announcement appears to undercut the plans of the majority owners of the operating companies for each of the hospitals to sell the operations of Christ Hospital and Hoboken University Medical Center to RWJBarnabas Health, and Bayonne Medical Center to BMC Hospital, LLC, an organization owned by several of the owners of Surgicore, a for-profit group of six ambulatory surgical centers in New York and New Jersey. The competing deals bring to the forefront the tension between the ownership of the operating companies and the property companies of the three hospitals.
- b. About \$1.7 billion in CARES Act funds were disbursed to New Jersey hospitals that were hardest hit by COVID-19 in early May. The list was included in the packet of news articles. Holy Name Hospital received the second largest amount in the country at \$213 million but it believes the grant was mistakenly too generous. Holy Name is working with the federal government to reconcile the amount and return the overpayment. This was the third wave of CARES Act funding after the first, which was based on previous year Medicare services rendered and the second, which was based on total 2018 patient service revenues. Altogether New Jersey hospitals have received approximately \$2.7 billion from the CARES Act so far.
- c. St. Joseph's Medical Center started shifting recovering COVID-19 patients to the former Barnert Hospital in late April. St. Joseph's and other north Jersey hospitals are expected to discharge recovering COVID-19 patients who are not yet ready to go home to the 88-bed facility on the third floor of the Barnert facility for sub-acute care. The Barnert facility is owned by Community Healthcare Associates, which has operated the facility, as well as several others, as a medical mall and leases out space to long-term care providers.
- d. Health Professionals and Allied Employees union members voted to authorize a strike at Jersey Shore Medical Center and Southern Ocean Medical Center, part of

the Hackensack Meridian Health system. The current contract expires May 31. HPAE representatives seek to negotiate “standard pandemic planning” after many employees complained of inadequate protections for workers, including lack of personal protective equipment, resulting in several of them becoming sick, with a few dying. Some who complained were also disciplined.

3. In Ratings News:

- a. S&P Global Ratings affirmed its “BB+” rating on bonds issued by the Authority on behalf of St. Peter’s University Hospital with an outlook of Stable.
- b. After revising the outlook on the sector from stable to negative last month, Fitch Ratings predicts the second quarter of 2020 will be nonprofit hospitals’ “worst on record.” Moody’s Investors Service said in the middle of May that “nonprofit hospitals should expect to see the financial effects of the pandemic into next year and assistance from the federal government is unlikely to fully compensate them.”

4. New Jersey Health Care News

- a. Hackensack University Medical Center, Morristown Medical Center and Robert Wood Johnson University Hospital are among Becker’s Healthcare 2020 list of “100 great hospitals in America.”
- b. Thirty New Jersey hospitals received a grade of “A” for safety from the Leapfrog Group for the Spring of 2020.
- c. QuoteWizard Insurance News analyzed American Hospital Association data on hospital expenses per visit in each state from 2009 through 2018 and found average hospital expenses in New Jersey were \$2,399 per visit, an increase of 31.24% over that 10-year period, ranking 33 highest increase in the country. The highest increases were seen in North Dakota, Wyoming and Wisconsin at 188.61%, 91.26% and 72.31% respectively. The lowest increases were in Alaska, Maryland and Delaware at -7.05%, -0.62% and 5.53%, respectively.
- d. In the articles is a list of the top 25 recipients of CARES Act COVID-19-specific funding, including three (3) New Jersey hospitals: Holy Name Medical Center (\$213.4 million), Hackensack University Medical Center (\$98.1 million) and St. Joseph’s University Medical Center (\$88.2 million).
- e. The New Jersey Hospital Association reports that New Jersey hospitals lost over \$1.7 billion in March and April from the COVID-19 pandemic. Losing about \$650 million in revenue each month, largely from lost elective surgeries and about \$214 million each month in additional expenses to respond to the virus, such as increased staffing and personal protective equipment and supplies.

- f. The U.S. Department of Health and Human Services Centers for Disease Control and Prevention last week said it awarded \$613,790,442 to New Jersey to expand COVID-19 testing, surveillance and tracing as part of \$10.25 billion in funding to states and territories.
5. In National Health Care News:
- a. The U.S. Bureau of Labor Statistics reports 1.4 million health care jobs were lost in April, mostly at ambulatory health care services including dentists, physicians' offices and other health care practitioners.
 - b. The Kaiser Family Foundation analyzed the recipients of the second round of CARES Act funding in the amount of \$50 billion and found that hospitals with the highest share of private insurance revenue, often for-profit hospitals, received significantly more of the funding. Hospitals with higher Medicare, Medicaid and Charity patients, including teaching hospitals, generally received a smaller share of the funding.
 - c. Co-leaders of the FTC merger division that oversees transactions involving hospitals and doctors were interviewed by Law360. They addressed the expectations that hospital mergers and acquisitions will increase as a result of increased financial pressures caused by the COVID-19 pandemic. Generally, they do not expect much change in the review process as a result of the pandemic, citing the existing guidelines that take into account most, if not all, of the situations leading up to mergers and acquisitions, including financial distress, potential for closure, sufficiency of beds and presence of competition in the area.
 - d. The U.S. District Court for the District of Columbia heard arguments from the American Hospital Association and other health industry groups and health systems challenging the U.S. Health and Human Services rule requiring them to disclose prices negotiated with insurance companies as unconstitutional on the grounds they violate the First Amendment by compelling hospitals to publicly post confidential and proprietary information.
 - e. The Federal Drug Administration has issued an emergency use authorization for the Gilead drug Remdesivir for the treatment of patients with COVID-19. A recent study indicated that the drug reduced recovery times for COVID-19 patients by four days, or 31%, compared with those on a placebo.
6. In Bond and Tax Legislation and Regulatory News:
- a. Municipal market disclosures about the impact of COVID-19 have increased significantly in the last month for all types of issues, including municipalities. The quantity and quality of disclosure varies as this is a unique crisis and the scope

and aid are not yet fully known. We have started to see hospitals with outstanding bonds start to disclose. They are particularly impacted due to the loss of revenues from lack of elective surgeries and increase in costs from COVID-19.

- b. In a voluntary disclosure statement posted on May 13, 2020 to the MSRB's EMMA website for bondholders, State Treasurer Elizabeth Maher Muoio announced that New Jersey is anticipating a \$10.1 billion shortfall from the COVID-19 pandemic between the State's current fiscal year and the end of the next fiscal year. There will be an estimated \$2.757 billion revenue shortfall in State fiscal year 2020 (about 7%) and a \$7.346 billion revenue shortfall in State fiscal year 2021 (about 17.8%). The estimates assume there will not be a resurgence of COVID-19 later this year and did not include any new or increased taxes that were planned in the budget (such as the millionaires' tax). New Jersey's fiscal year has been extended from June 30 to September 30 and income tax filings have been extended from April 15 to July 15.

7. Authority News

- a. On May 1 the Authority closed on a rate reset and reissuance of about \$9.8 million in 2010 bonds for St. Ann's Home for the Aged. The new rate is 3% fixed for 10 years.
- b. All Authority staff members are generally working from home. They can be reached by their regular email and if you need to reach them by phone contact me for the phone number at which they can be reached. Network Administrator John Johnson is coming into the office about twice a week to maintain our access to the Authority servers. Every other day an Authority staff member picks up the mail at the State mail repository and brings it to the office and distributes important mail to the appropriate person by email, if possible, or by regular mail or overnight delivery (if time sensitive). Construction Compliance Manager Bernie Miller comes into the office or to the Department of Health about two days a week. Other staff members are stopping into the office periodically to do work when necessary.

As there was no further business, Dr. Kazmir asked for a motion to adjourn. After a motion by Mr. Lovell and a second by Ms. Ford the Members voted unanimously to adjourn the meeting at 10:30 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 May 28, 2020.

Cindy Kline, Assistant Secretary