

Minutes of the New Jersey Health Care Facilities Financing Authority meeting held on October 22, 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. 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, Bill McLaughlin, Ron Marmelstein, Alpa Patel, Taryn Rommell, Jessica Lucas, Edwin Fuentes and Michael Solidum

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

Via telephone, George Loeser Attorney General's Office and Lauren LaRusso, Governor's Authorities Unit; Mark Salimena, Managing Director of Optimal Capital Group, LLC; Tamara Cunningham, RWJBarnabas Health

CALL TO ORDER

Dr. Kazmir called the meeting to order at 10:05 a.m. and announced that this was the regular meeting of the Authority, held in accordance with the schedule adopted at the May 28, 2020 Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, notice of this meeting was mailed to *The Star-Ledger*, the *Courier Post*, and provided to numerous other newspapers and media outlets serving New Jersey, early enough to publish an announcement at least 48 hours in advance of this meeting.

1. APPROVAL OF MINUTES September 24, 2020 Authority Meeting

Minutes for the Authority's September 24, 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. 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 on the motion. All members voted in the affirmative and the minutes were approved.

**2. EXTENSION OF THE CAPITAL ASSET PROGRAM SERIES 1985 A & B
PROGRAM ADMINISTRATOR
Optimal Capital Group, LLC**

Dr. Kazmir asked Jessica Waite to present the request to extend the contract of the Program Administrator for the Capital Asset Program.

Ms. Waite began by introducing Mark Salimena, Managing Director of Optimal Capital Group, LLC.

Ms. Waite reminded the Members that, in October 2017, the Authority entered into a contract with Optimal Capital Group, the serve as the program administrator for the Capital Asset Program, Series A&B. The original contract was for a three-year period, with the right to extend the terms of the contract for three additional one year periods.

According to Ms. Waite, Optimal Capital Group has agreed to the first one-year extension, effective December 1, 2020 through November 30, 2021, with the same terms and an annual cost of \$12,000.

Ms. Waite advised the Members that the Authority staff was pleased with Optimal Capital Group's performance and recommended their consideration of appointing Optimal Capital Group for the first one-year extension which would be effective from December 1, 2020 through November 30, 2021.

Ms. Waite concluded by saying that she or Mark Salimena would answer any questions from the Members. There were no questions.

Dr. Kazmir asked for a motion to adopt the resolution to approve the first of three (3) possible one-year extensions of the contract with Optimal Capital Group, LLC to serve as the Program Administrator of the Capital Asset Program. Mr. Lovell made the motion. Ms. Ford 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 on the motion. All members voted in the affirmative and the motion passed.

AB RESOLUTION NO. UU-15

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the first of three (3) possible one-year extensions of the contract with Optimal Capital Group, LLC to serve as the Program Administrator of the Capital Asset Program.

3. UPDATE ON PROJECT STATUS AND BONDHOLDER FORBEARANCE Village Drive Urban Renewal, LLC

Dr. Kazmir called upon Taryn Rommell to provide the Members with an update on the project status and bondholder forbearance of the Village Drive Urban Renewal, LLC assisted living facility.

Ms. Rommell reminded the Members that the Authority issued \$23 million in bonds on September 14, 2018 on behalf of Village Drive Urban Renewal LLC (“Village Drive”). The proceeds of the issue were to be used, with other funds, to construct a low-income assisted living facility in Millville, New Jersey. Moreover, Executive Director Hopkins informed the Authority Members at the December 19, 2019 Authority meeting that Village Drive Urban Renewal, LLC had failed to fulfill its covenant in Section 4.1(a) of the Loan Agreement requiring it to have a Certificate of Occupancy by mid-November 2019. Ms. Rommell noted, however, that construction was delayed by several months due to litigation by the contractors. As a result of the failure to comply with the covenant, the Authority provided the Trustee with a Notice of Default on December 12, 2019.

According to Ms. Rommell, Village Drive disclosed the construction delay on MSRB’s EMMA website along with a revised set of projections, which anticipated receiving a Certificate of Occupancy by June 30, 2020. Furthermore, on February 12, 2020, the holders of the bonds issued a letter to the Trustee directing the Trustee to not take any action with respect to the default until June 30, 2020. Following the start of the COVID-19 pandemic, construction was again delayed and the June 30, 2020 deadline put in place by the Forbearance Agreement dated February 12, 2020 was not met. The holders of the bonds issued a second letter to the Trustee directing the Trustee not to take any action with respect to the default until September 30, 2020. The Authority was informed that construction is again behind schedule and the September 30, 2020 date was not met. On October 5, 2020 the Authority provided the Trustee with a Notice of Default. To date, the Authority has not received any documentation from the Trustee regarding a new date from which the holders of the bonds would like to hold off default action.

Ms. Rommell concluded by saying that Mr. Hopkins, Mr. Troy or she would answer any questions from the Members.

Ms. Ford asked what the next step is. Mr. Hopkins replied we can request the Trustee to put the Village Drive in default to force them to take further actions, however the bondholders can prevent this from happening. The borrowers are seeking such forbearance from the bondholders. Mr. Hopkins noted the latest construction schedule has completion at the end of February 2021.

Mr. Lovell asked what the Authority will do if Village Drive fails to respond. Mr. Hopkins said that the Authority will reach out to the Trustee to see what action may be taken. We can request strict performance. They have drawn down all bonds funds available to them, but the Authority could deny any purchase requisitions, but that would likely be counterproductive. There really is not much the Authority could do without bondholder support.

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

4. AUTHORITY 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-16

WHEREAS, the Members of the Authority have reviewed the memoranda dated October 14, 2020 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of \$13,981.00 and \$662.00 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.

5. STAFF REPORTS

Dr. Kazmir thanked staff for the Project Development Summary, Cash Reconciliation Report, Third 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. As discussed at the last meeting, the COVID-19 Emergency Loan committee, Mr. Hopkins, Robin Ford and Frank Troy, agreed to extend the repayment of the sole COVID-19 Emergency Loan issued by the Authority to Salem Medical Center in the amount of \$1,420,789 from August 17 for two additional months because Salem Medical Center had not yet received approximately \$9 million in funding from FEMA for expanding bed capacity to treat COVID-19 patients. Salem expects to receive the FEMA

funds shortly and has told Mr. Hopkins it plans to pay the loan back by the end of October.

2. The Finance Committee meeting was postponed and will now be held on Wednesday, November 4, 2020 at 10:00 a.m. to consider the proposed 2021 Authority budget. Finance Committee Members include Suzette Rodriguez and Dr. Kazmir. The meeting will be held telephonically. Please let Mr. Hopkins, or Controller Alpa Patel know if anyone expects to have any difficulty attending the meeting.
3. Coronavirus News:
 - a. On September 25, Governor Murphy signed an Executive Order extending the COVID-19 public health emergency for an additional 30 days.
 - b. New Jersey is using a contact tracing application developed by NearForm, an Irish company, which has been deployed in Ireland and other countries. The application uses “exposure notification” software paired with Bluetooth technology to alert users if the person has spent 10 minutes or more within six feet of someone who later tests positive for COVID-19. Delaware and Pennsylvania have also adopted the app. The app is free to download and depends on wide adoption to become effective.
 - c. The federal government is sending 2.6 million rapid COVID-19 tests to NJ that can deliver results in 15 minutes. Governor Murphy called the tests game-changing and said they will be made available to essential workers and be utilized in a way to keep some businesses open.
 - d. On the same day as our last meeting, Dr. Anthony Fauci told Governor Murphy that New Jersey was in “good shape” and could continue to open its schools and economy “gradually, prudently, and carefully,” even as the United States prepares for a second wave of COVID-19 this fall and winter.
 - e. Early this month, as part of her tour of college campuses, Dr. Deborah Birx spoke at Rowan University and Rutgers University. She cautioned students and Americans in general to continue wearing masks, social distancing and washing hands, as well as avoiding large gatherings. Dr. Birx also met with Governor Murphy.
 - f. On October 9, New Jersey Commissioner of Health Judith Persichilli warned that “We are anticipating a second wave [of COVID-19] and are preparing based on the lessons learned from our prior experiences.” To prevent the second wave from becoming a surge, she encouraged continued wearing of masks, social distancing, washing hands and staying home if you have symptoms. Preparations

Commissioner Persichilli identified include the stockpiling of personal protective equipment, ventilators and experimental medications.

- g. In the middle of this month, despite COVID-19 cases rising in New Jersey, NJ.com analyzed case growth in all 50 states and found New Jersey was performing better than all but seven other states as measured by cases per million.
 - h. The preliminary results of a study of 11,266 participants from 405 hospitals by the World Health Organization found that Remdesivir did not significantly affect survival rates or length of stay of COVID-19 patients. An earlier study found that it reduced the length of stay.
 - i. A study published in the journal *Immunity* by researchers at University of Arizona Health Sciences of 5,882 COVID-19 patients in Puma County, Arizona found high-quality neutralizing antibodies were still being produced five to seven months after COVID-19 infections.
 - j. Eli Lilly's clinical trial of its experimental antibody drug has been paused. No reason has been given. A similar antibody treatment from Regeneron was part of the cocktail of drugs provided to President Trump after he contracted COVID-19. The news follows the pause of vaccine testing by AstraZeneca, which has resumed abroad but not in the United States, and more recently Johnson & Johnson due to unexplained illnesses.
 - k. The New Jersey Hospital Association issued a mid-year report to highlight the effects COVID-19 has had on New Jersey hospitals. Financially, nearly 60% of hospitals are operating in the red and the average state-wide operating margin is negative 4%. Comparing June 30, 2019 to June 30, 2020, total patient revenues declined 6.6%, emergency department cases declined 23%, hospital admissions fell 8% and outpatient visits dropped 22%.
 - l. New Jersey hospitals are entering into advance staffing contracts in preparation for a 2nd wave of COVID-19 cases.
 - m. Yesterday, Governor Murphy placed himself into quarantine after he learned that one of his senior staff members tested positive for COVID-19. He and his wife subsequently tested negative, but he will observe the quarantine through the weekend.
4. New Jersey Hospital and Health Care News:
- a. On September 24, Deborah Heart and Lung Center announced it is planning to begin construction in early 2021 on a \$100 million expansion and modernization of its facilities. The expansion will include three additional floors on top of an

existing two-story building. The hospital will go from 89 beds to 95 beds, including making all rooms private by the end of 2022, when Deborah will celebrate its 100th anniversary. Deborah is hoping to fundraise \$50 million for the project and borrow the balance using a loan through the U.S. Department of Agriculture, Rural Development.

- b. St. Joseph's Health has announced it has hired Caswell Samms III as its new Chief Financial Officer, replacing current CFO Dennis Roemer who will retire on December 31, 2020. Mr. Samms will start at St. Joseph's on December 7. He is currently Vice President and CFO at Wellstar Health System in Georgia. Previously he served in leadership positions at East Orange General Hospital, St. Barnabas Hospital in the Bronx and the New York City Health and Hospitals Corporation. Early in his career he was a business advisory specialist at St. Joseph's Regional Medical Center. He holds an M.B.A. from Regis University.
- c. Bergen New Bridge Medical Center has renewed the contract of Chief Executive Officer Deborah Visconsi, who has been CEO since October 2017. It also named Robert Pacicco as its new chairman of the board of trustees. Mr. Pacicco was formerly the mayor of Leonia and is the president of Pacicco & Co., a jewelry company.
- d. University Hospital has unveiled a new logo and announced that the change is emblematic of a paradigm shift at the hospital, one of the State's busiest. Dr. Shereef Elnahal, University Hospital's CEO, noted the historic importance of the hospital to the City of Newark and its unique role in providing care during the global COVID-19 pandemic and the current reckoning with systemic racism as a public health crisis. The hospital issued a letter to its community identifying several important goals it hopes to reach for the benefit of the community.
- e. University Hospital was also victim of a ransomware attack. The hospital paid approximately \$672,700 to prevent the release of stolen data.
- f. RWJBarnabas Health has launched an initiative that will screen patients at several of its hospitals for such social determinants of health as food security, housing access and transportation. The program, called Health Beyond the Hospital, will allow clinicians to create tailored resources for each patient and "e-prescribe" services or support programs such as the federal Supplemental Nutrition Assistance Program (SNAP). Eventually the program will be phased in at the entire RWJBarnabas system and fully integrated to its electronic health records system.
- g. Hackensack Meridian Health, RWJBarnabas Health and Horizon Blue Cross Blue Shield of New Jersey are partnering to create an integrated health care Medicare Advantage plan called Braven. The plan will be available to Medicare participants

in eight New Jersey counties starting January 1, 2021. It is expected to simplify health care delivery and improve patient care while reducing costs.

- h. Senator Joseph Vitale and Assemblyman Nick Chiaravalloti have asked the New Jersey Commissioner of Health, Judith Persichilli, to oversee the transfer of the real estate of Bayonne Medical Center. The Department of Health has not historically reviewed the transfer of solely hospital real estate, only hospital operations.
- i. Washington Monthly Magazine, in partnership with the nonpartisan health care think tank the Lown Institute, has ranked the top 50 teaching hospitals in the country, including two from New Jersey: Monmouth Medical Center and Newark Beth Israel Medical Center, both part of RWJBarnabas Health.
- j. On October 14, Governor Murphy announced the launch of New Jersey's state-based health insurance marketplace, GetCoveredNJ.gov, which will be available instead of the federal health insurance marketplace, HealthCare.gov, for individuals to shop for and enroll in health insurance under the Affordable Care Act, which provides State and federal financial subsidies for those earning under 400% of the Federal Poverty Level. The open enrollment period starts November 1 and runs through January 31, 2021.
- k. The New Jersey Assembly passed a bill to reinstate the property tax exemption for nonprofit hospitals and to create a community service contribution fee of \$2.50 per hospital bed per day and \$250 per day for satellite emergency departments. Some exemptions will be available for hospitals that provide an extremely high level of charity care services. The bill will end the numerous property tax suits filed by municipal governments against nonprofit hospitals after a tax court found the level of for-profit services at nonprofit hospitals did not qualify all hospitals for the property tax exemption. The bill must still pass the Senate and be signed by the Governor before it becomes law.
- l. ProPublica, a nonprofit newsroom that investigates abuses of power, published an exposé on Prospect Medical Holdings, which owns 17 hospitals around the country and is the parent of East Orange General Hospital. The exposé alleges Leonard Green & Co., the private equity firm that owns Prospect, extracted \$400 million while some of its hospitals lacked basic supplies and personnel and had inadequate physical plants and performed poorly in quality metrics. A follow up article by ProPublica appeared in Health Leaders, addressing each of the claims Prospect said was inaccurate.
- m. Yesterday, Atlantic Health System and CentraState formalized their partnership agreement. This is a unique partnership agreement that still requires state and federal approval. Atlantic Health will assume a majority position on CentraState's

board and CentraState will have representation on Atlantic Health's board. The entities will share clinical privileges group practices and electronic health records among other things.

5. Rating Agency Actions and Sector Comments:

- a. Fitch Ratings affirmed its "A+" rating on approximately \$356.4 million of bonds issued by the Authority on behalf of Valley Health System with a rating outlook of "Stable." It also affirmed the Issuer Default Rating of "A+" on Valley Health System itself.

6. In Bond and Tax Legislation and Regulatory News:

- a. The Municipal Securities Rulemaking Board ("MSRB") announced that, after a year-long candidate search, it is promoting its current Chief Operating Officer, Mark Kim, to Chief Executive Officer. Dr. Kim is filling the vacancy of Lynnette Kelly who stepped down about one year ago after 12 years at the helm. Dr. Kim was CFO of the District of Columbia Water and Sewer Authority from 2013 to 2017. He was an MSRB board member from 2015 to 2017 and became its COO in 2017. He was instrumental in transforming MSRB's data and migrating it to the cloud. He has a Ph.D. in public policy from Harvard, a J.D. from Cornell and a B.A. from Northwestern.
- b. DPC Data is rolling out an obligor- and sector-mapping methodology tool to identify the direct obligor in each municipal bond transaction. This is very helpful to bond investors who purchase bonds from conduit financing authorities like our Authority. For instance, the credit of our bonds that the bondholder is really concerned about is not the Authority but the borrower, such as Valley Health System. DPC's new methodology will be able to identify credit information about Valley Health System by searching for it directly instead of having to search through the Authority financings.
- c. The National Law Review published a historic review of the securities laws, regulations and enforcement actions for municipal bonds. It is very informative. Mr. Hopkins has long been a proponent that better disclosure in the municipal bond market improves pricing. Sometimes our borrowers are at odds with the Authority's more demanding take on disclosure requirements.
- d. Along the same theme, there are four articles, in a series of six, published by Forbes on municipal bond disclosure: "A Technology Solution for Muni Bond Disclosure," "Muni Bond Market Disclosure: It's About Time – And Time is Money," "Muni Bond Market Disclosure: Thoughts from Standard-Setters and Stakeholders," and "Muni Bond Market Disclosure: Through the Legal Looking Glass."

7. Authority News:

- a. Bill Lohman will be rejoining the Authority as its Construction Compliance Officer starting next Monday, October 26. He previously served in the position from October 1997 to April 2005. Since then he has been an architect at the Department of Health. He is replacing Bernie Miller who retired on October 1.

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 10:31 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 OCTOBER 22, 2020.

Cindy Kline, Assistant Secretary