

Minutes of the New Jersey Health Care Facilities Financing Authority regular Meeting held on November 18, 2021 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following *Authority Members* were in attendance:

Via telephone: Robin Ford, Designee of the Department of Health (Chairing); Manny Paulino, Designee of the Commissioner of Banking and Insurance; Greg Lovell, Designee of the Commissioner of Human Services; Dr. Kazmir (Public Member) and Thomas Sullivan (Public Member)

The following *Authority staff members* were in attendance:

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

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

Via telephone, George Loeser and Stephanie Gibson, Attorney General's Office; Jamera Sirmans, Governor's Authorities Unit; Tassos Efstratiades, Partner, Obermayer Rebmann Maxwell & Hippel LLP; Caswell Samms, Senior Vice President/CFO and Christopher Caufield, Executive Director of Finance, St. Joseph's Healthcare System; Glen Wagner, Kaufman Hall; Ram Patel and Kam Modh, Patrick Avenue Adult Community, LLC; Albert Zalewski, Danny Seto and Jackline Mbeche, Willis of New Jersey, Inc.; Tamara Cunningham, RWJBarnabas Health

Prior to the start of the meeting, Mr. Hopkins announced that there would be an Executive Session and explained how it would be conducted via conference call.

## **CALL TO ORDER**

Executive Director Mark Hopkins called the meeting to order at 10:06 a.m. and announced that this was a regular Meeting of the Authority, held in accordance with the schedule adopted at the May 27, 2021 Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, notice of this meeting was mailed to The Star-Ledger, the Courier Post, and provided to numerous other newspapers and media outlets serving New Jersey, early enough to publish an announcement at least 48 hours in advance of this meeting.

Mr. Hopkins recommended that in the absence of the Chair and Vice Chair, that a Chair pro tem be named. Dr. Kazmir nominated Robin Ford to serve as Chair pro tem for the November 18, 2021 meeting and Mr. Lovell seconded. Mr. Hopkins called for a vote. All Members voted in the affirmative and the motion carried.

**1. APPROVAL OF MINUTES**  
**October 28, 2021 Authority Meeting**

Minutes for the Authority’s October 28, 2021 Meeting were distributed for review and approval prior to the meeting. Ms. Ford asked for a motion to approve the minutes. Dr. Kazmir made the motion. Mr. Lovell seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the minutes were approved.

**2. NEGOTIATED SALE REQUEST**  
**Patrick Avenue Adult Community, LLC**

Ms. Ford called upon Edwin Fuentes to present a request for a negotiated sale in the form of either public offering or private placement on behalf of Patrick Avenue Adult Community, LLC.

Mr. Fuentes began by introducing Ram Patel and Kam Modh who were participating in the meeting by telephone on behalf of the Borrower.

Mr. Fuentes advised the Members that his presentation is a request to proceed with the use of a negotiated sale in the form of either a public sale or a private placement for the proposed tax-exempt financing for Patrick Avenue Adult Community, LLC (“Patrick Avenue”).

Mr. Fuentes reported that Patrick Avenue is a for-profit, single purpose limited liability company as well as the owner and developer of the proposed project. Patrick Avenue has signed a Memorandum of Understanding with the Authority to undertake a tax-exempt negotiated sale of approximately \$60 million, issued in the form of either a public sale or a private placement. Proceeds of the transaction are expected to be used to: fund the construction of a two building, 135 unit assisted living facility in Edison, New Jersey; reimburse Patrick Avenue for certain prior expenses, if necessary; fund a debt service reserve fund, to the extent required; fund a capitalized interest account, if necessary; and pay the related costs of issuance.

Mr. Fuentes explained to the Members that the tax-exempt financing is available as a result of Patrick Avenue’s agreement to qualify its facility as a residential rental project under Section 142(d) of the Internal Revenue Service Code which requires that a certain number of its units be rented to low and moderate income individuals or families and that the allocation of a portion of the state’s volume cap.

According to Mr. Fuentes, Patrick Avenue has asked that the Authority permit the use of a negotiated sale based on: sale of a complex or poor credit. This reason is considered under the Authority’s policy regarding Executive Order #26, to be a justification for the use of a negotiated sale.

Mr. Fuentes further explained that, under the Authority’s policies, a Borrower requesting a private placement form of a negotiated sale must justify the use of a private placement by showing it is either less expensive on a present value basis to complete a private placement or that there are other circumstances that would limit the effectiveness or usefulness of a negotiated

sale using a public offering. The members may recall previously approving the use of a negotiated sale in the form of a limited public offering for Patrick Avenue. After discussions with Hilltop Securities, the placement agent on the transaction, the borrower has now requested the approval of a private placement form of negotiated sale as well, due to current market uncertainty and the desire for flexibility prior to the issuance of bonds.

Mr. Fuentes stated that the Authority staff recommends the consideration of the resolution, that was included the Members' meeting materials that approves the use of a negotiated sale in the form of either a public sale or a private placement for the Series 2021 Bonds and forwarding a copy of the justification in support of said resolution to the State Treasurer.

Mr. Fuentes concluded by telling the Members that Patrick Avenue conducted a Request for Proposal process for Bond Counsel and selected Obermayer Rebmann Maxwell & Hoppel LLP. The Borrower expects to close this transaction in the first quarter of 2022.

Mr. Fuentes said that he, Mr. Patel or Mr. Modh would answer any questions the Members had.

Mr. Sullivan asked if this project would pay the prevailing wage to construction workers. Mr. Fuentes replied that all of the Authority's projects are required to pay the prevailing wage. Mr. Hopkins added that the prevailing wage requirement is state law and cannot be circumvented. Mr. Hopkins noted that the Borrower had requested a waiver of that requirement and the Attorney General's Office confirmed that it cannot be waived.

Ms. Ford asked for a motion to adopt the resolution approving a negotiated sale in the form of either public offering or private placement on behalf of Patrick Avenue Adult Community, LLC. Dr. Kazmir made the motion. Mr. Sullivan seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the motion was approved.

### **AB RESOLUTION NO. VV-27**

**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. NEGOTIATED SALE REQUEST St. Joseph's Healthcare System**

Ms. Ford asked Edwin Fuentes to present a request for a negotiated sale in the form of a private placement on behalf of St. Joseph's Healthcare System.

Mr. Fuentes began by introducing Caswell Samms, Senior Vice President and Chief Financial Officer and Christopher Caufield, Executive Director of Finance from Saint Joseph's, who were participating by telephone.

Mr. Fuentes advised the Members that this was a request for the use of a negotiated sale in the form of a private placement on behalf of St. Joseph's Healthcare System.

Mr. Fuentes reported that St. Joseph's Healthcare System ("St. Joseph's") has signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing of approximately \$42 million, the proceeds of which will be used to: provide reimbursement for approximately \$32.5 million in construction costs and approximately \$8 million in equipment acquisitions; fund a debt service reserve fund, if required; and pay the related costs of issuance.

Mr. Fuentes informed the Members that St. Joseph's Healthcare System, a NJ not-for-profit healthcare system headquartered in Paterson NJ, together encompasses St. Joseph's Regional Medical Center, St. Joseph's Children's Hospital, St. Joseph's Wayne Hospital, St. Joseph's Health Foundation, 200 Hospital Plaza Corp. and Visiting Health Services of NJ. St. Joseph's currently has one bond transaction outstanding with the Authority, The St Joseph's Healthcare System Series 2016 issue, of which approximately \$226.14 million is currently outstanding. St. Joseph's is currently rated Baa3 by Moody's and BBB- by Standard & Poor's.

According to Mr. Fuentes, St. Joseph's has asked that the Authority permit the use of a negotiated sale based on the sale of a complex or poor credit, sale of a complex financing structure, volatile market conditions, as well as programs or financial techniques that are new to investors. These reasons are considered under the Authority's policy regarding Executive Order #26, to be a justification for the use of a negotiated sale. The Authority staff recommends the consideration of the resolution included in the meeting materials that approves 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 further explained that, under the Authority's policies, a Borrower requesting a private placement form of a negotiated sale must justify the use of a private placement by showing it is either less expensive on a present value basis to complete a private placement or that there are other circumstances that would limit the effectiveness or usefulness of a negotiated sale using a public offering. St. Joseph's has represented to staff that a private placement offers timeliness to lock in a fixed interest rate, will not require preparation of an official statement, and provides financing flexibility and pricing scrutiny as opposed to a public sale.

Mr. Fuentes concluded by saying that he, Mr. Samms or Mr. Caulfield would answer any questions from the Members.

Mr. Sullivan asked if there was any construction involved in this financing. Mr. Samms replied that the fund was strictly for reimbursement for prior projects and equipment outlays and there was no construction involved.

Ms. Ford asked for a motion to adopt the resolution approving a negotiated sale in the form of a private placement on behalf of St. Joseph's Healthcare System. Dr. Kazmir made the motion. Mr. Lovell seconded. Ms. Ford asked if there were any questions or comments on the motion.

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

#### **AB RESOLUTION NO. VV-28**

**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)*

#### **4. APPOINTMENT OF SUCCESSOR TRUSTEE**

- a. St. Peter’s University Hospital Obligated Group Issue, Series 2011**
- b. Wiley Mission Issue, Series 2012 Lot A and Lot B**
- c. Saint Joseph’s Healthcare System Obligated Group Issue, Series 2016**

Ms. Ford asked Jessica Waite to present the resolutions for the appointment of a Successor Trustee for: St. Peter’s University Hospital Obligated Group Issue, Series 2011; Wiley Mission Issue, Series 2012 Lot A and Lot B; and Saint Joseph’s Healthcare System Obligated Group Issue, Series 2016. Ms. Ford told the Members that, following Ms. Waite’s presentation, the three (3) resolutions would be voted upon separately.

Ms. Waite began by introducing Tassos Efstratiades, Partner, Obermayer Rebmann Maxwell & Hoppel LLP, Bond Counsel and Caswell Samms, Senior Vice President/CFO and Christopher Caufield, Executive Director of Finance from St. Joseph’s who were participating by telephone.

Ms. Waite informed the Members that the Authority was notified that Wells Fargo was to be acquired by Computershare following regulatory approval. As of November 1, 2021, Computershare officially acquired Wells Fargo’s trust business. Computershare is not an approved trustee for the Authority bond issues. Subsequent to that notification, the Authority notified the three (3) Borrowers who utilize Wells Fargo as Trustee of the acquisition. Those Borrowers are St. Peter’s University Hospital, St. Joseph’s Healthcare System and Wiley Mission. Subsequently, all three Borrowers provided the Authority requests to select another one of the Authority’s active trustees in accordance with the underlying bond documents.

According to Ms. Waite, in accordance with Section 7.01 of the General Resolution, the Authority may remove the Trustee at any time with or without cause. This section applies to both St. Peter’s University Hospital and St. Joseph’s Healthcare System. In compliance with this section St. Peter’s has requested the appointment of US Bank, National Association as Successor Trustee, Bond Registrar and Paying Agent and St. Joseph’s has requested the appointment of The Bank of New York Mellon as Successor Trustee, Bond Registrar and Paying Agent.

Similarly, Ms. Waite reported that, with Section 8.01 of the Trust Agreement, Wiley Mission requested Wells Fargo be replaced and has requested the appointment of US Bank, National

Association as Successor Trustee. Section 8.01 of the Trust Agreement provides that the Authority shall remove the Trustee if it ceases to be eligible to act in that capacity. Computershare is not eligible to act as Trustee as it is not on the approved list of active trustees.

Ms. Waite directed the Members to their meeting materials where there are three separate resolutions prepared by Bond Counsel. First, is the form of a Resolution Authorizing the Removal of Wells Fargo, National Association as Trustee, Bond Registrar and Paying Agent and the Appointment of US Bank, National Association as Successor Trustee, Bond Registrar and Paying Agent prepared for St. Peter's University Hospital Obligated Group Issue, Series 2011. Second, is the form of a Resolution Authorizing the Removal of Wells Fargo, National Association as Trustee, Bond Registrar and Paying Agent and the Appointment of US Bank, National Association as Successor Trustee for Wiley Mission Issue, Series 2012 Lot A and Lot B. And lastly, is the form of a Resolution Authorizing the Removal of Wells Fargo, National Association as Trustee and the Appointment of US Bank, National Association as Successor Trustee, Bond Registrar and Paying Agent for St. Joseph's Healthcare System Obligated Group Issue, Series 2016. Each resolution also authorizes an Authorized Officer of the Authority to execute notice to Wells Fargo directing them to transfer all monies within the respective trustee-held accounts to each Successor Trustee.

According to Ms. Waite, the Attorney General's Office has reviewed the resolutions and has no objection to the Authority's consideration of this matter. Accordingly, the Authority staff recommends the Members approval of the respective resolutions, as requested by all three Borrowers. Ms. Waite concluded by stating she or Mr. Efstratiades would answer any questions the Members may have. There were no questions.

Ms. Ford asked for a motion to adopt the resolution approving the removal of trustee, bond registrar and paying agent for the New Jersey Health Care Facilities Financing Authority Revenue and Refunding Bonds, Saint Peter's University Hospital obligated group issue, Series 2011 and the appointment of US Bank, National Association as successor trustee, bond registrar and paying agent for the Series 2011 bonds." Dr. Kazmir made the motion. Mr. Sullivan seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the motion was approved.

#### **AB RESOLUTION NO. VV-29**

**NOW, THEREFORE, BE IT RESOLVED**, the Authority hereby adopts the resolution entitled "**Resolution authorizing the removal of trustee for the New Jersey Health Care Facilities Financing Authority Revenue and Refunding Bonds, Saint Peter's University Hospital Obligated Group Issue, Series 2011 and the appointment of US Bank, National Association as successor trustee, bond registrar and paying agent for the Series 2011 bonds.**"

*(attached)*

Ms. Ford asked for a motion to adopt the resolution approving the removal of trustee for the New Jersey Health Care Facilities Financing Authority Variable Rate Revenue and Refunding Bonds, Wiley Mission Issue, Series 2012 and the appointment of US Bank, National Association as successor trustee agent for the Series 2012 bonds. Dr. Kazmir made the motion. Mr. Lovell seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the motion was approved.

#### **AB RESOLUTION NO. VV-30**

**NOW, THEREFORE, BE IT RESOLVED**, the Authority hereby adopts the resolution entitled “**Resolution authorizing the removal of trustee for the New Jersey Health Care Facilities Financing Authority Variable Rate Refunding and Revenue Bonds, Wiley Mission Issue, Series 2012 Lot A and Lot B and the appointment of US Bank, National Association as successor trustee for the series 2012 bonds.**”

*(attached)*

Ms. Ford asked for a motion to adopt the resolution approving the removal of trustee, bond registrar and paying agent for the New Jersey Health Care Facilities Financing Authority Revenue and Refunding bonds, St. Joseph’s Healthcare System Obligated Group issue, Series 2016 and the appointment of The Bank of New York Mellon as successor trustee, bond registrar and paying agent for the Series 2012 bonds. Dr. Kazmir made the motion. Mr. Sullivan seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the motion was approved.

#### **AB RESOLUTION NO. VV-31**

**NOW, THEREFORE, BE IT RESOLVED**, the Authority hereby adopts the resolution entitled “**Resolution authorizing the removal of trustee for the New Jersey Health Care Facilities Financing Authority Refunding and Revenue Bonds, Saint Joseph’s Healthcare System Obligated Group Issue, Series 2016 and the appointment of The Bank of New York Mellon as successor Trustee, Bond Registrar and Paying Agent for the series 2016 bonds.**”

*(attached)*

**5. DIRECTORS AND OFFICERS LIABILITY AND EMPLOYEE PRACTICES  
LIABILITY INSURANCE RENEWAL  
AXA-XL and RSUI**

Ms. Ford called upon Alpa Patel, the Authority's Controller, to present the request to renew the Directors and Officers and Employee Practices Liability Insurance policies.

Ms. Patel introduced Albert Zalewski, Danny Seto and Jackline Mbeche of Willis of New Jersey, Inc., the Authority's insurance brokers, who were participating by telephone.

Ms. Patel told the Members that the Directors And Officers Liability and Employee Practices policies provide protection to past, present and future members of the Authority board, committee members, officers and staff. It is a claims made policy and provides coverage for a claim which is first made against the policy period and reported in writing to the insurer.

Ms. Patel reported that, the Authority currently has \$5 million in D&O coverage and \$5 million in EPL coverage provided through National Union Fire Insurance Company of Pittsburgh, PA (AIG) at premiums of \$31,040 and \$10,870 respectively, plus a New Jersey surcharge of \$251. The Authority has a \$250,000 deductible under these policies. The Authority also currently has two excess policies of \$5 million each for D&O. One excess policy is with AXA-XL at a premium of \$13,500 and a New Jersey surcharge of \$250. The other excess policy is with RSUI at a premium of \$11,750 and a New Jersey surcharge of \$150.

According to Ms. Patel, this year, AIG will provide \$5M D&O coverage and \$5M in EPL coverage at premiums of \$35,810 and \$11,960 respectively, (an increase of \$4,770, or 15.36%, and \$1,090, or 10.03%, respectively) plus a New Jersey surcharge of \$287. The Authority's deductible under these policies remains at \$250,000. The Authority will also have two excess D&O policies at \$5M each. The excess policy with AXA-XL will have a premium of \$15,525 (an increase of \$2,025, or 15%) and a New Jersey surcharge of \$250. The second excess policy with RSUI will have a premium of \$13,500 (an increase of \$1,750, or 14.89%) and a New Jersey surcharge of \$150.

Ms. Patel said that the Authority staff recommends continuing with the primary D&O coverage of \$5 million and EPL coverage of \$5 million from AIG with a deductible of \$250,000. The Authority staff also recommends keeping two \$5 million excess layers of D&O coverage, from AXA-XL and RSUI, for total D&O coverage of \$15 million. This would result in premiums totaling \$76,795 plus \$687 in surcharges, taxes and fees, compared to the 2021 premium of \$66,910 plus \$901 in surcharges, taxes and fees, an increase of \$9,671, which is significantly below the \$98,100 we budgeted for 2021.

Ms. Patel then offered to answer any of the Members' questions. There were no questions.



## **AB RESOLUTION NO. VV-32**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby approves the awarding of the Directors and Officers Liability Insurance policy and Employee Practices Liability Insurance policies to AIG and one excess layer of coverage to AXA-XL and one additional excess layer of coverage to RSUI.

### **6. AUTHORITY EXPENSES**

Ms. Ford referenced a summary of Authority expenses and invoices provided to the Members. Dr. Kazmir made the motion to approve the expenses. Mr. Sullivan 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. VV-33**

**WHEREAS**, the Members of the Authority have reviewed the memoranda dated November 10, 2021 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amount of \$33,485.00 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 for the Project Development Summary, Cash Reconciliation Report, Third Quarter Budget Report and Legislative Update.

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

Mr. Hopkins reported the following:

1. Mr. Hopkins reminded the Authority Members that in accordance with Executive Order #41 (Codey 2005) they must complete online ethics training from the State Ethics Commission by November 22nd. The training is offered at [www.nj.gov/ethics/training](http://www.nj.gov/ethics/training). Go to the link "Online Training Modules" and choose "Special State Officer Training Module." Once complete you will need to enter your name and select NJHCFFA from the pull down menu of agencies. There is an additional training module on Cannabis that each Member will need to complete by December 8, 2021. Members will receive an e-

mail confirming their completion of each of the trainings. Members should forward that email to Mr. Hopkins so that he may report it to the Governor's Authorities Unit.

2. Mr. Hopkins reminded the Finance Committee Members; Dr. Kazmir, Mr. Brown and Mr. Sullivan that there will be a telephonic Finance Committee meeting on Tuesday, December 7th at 10:00 a.m. to vote on whether to recommend approval of the Authority's proposed 2022 budget. He added that they will be receiving a revised budget that will include the insurance premiums the Board approved previously at this meeting, the actual pension fund contribution amount and the funding of the personnel matters discussed during last month's Executive Session.
3. Mr. Hopkins reminded the Audit Committee Members; Ms. Ford, Mr. Paulino and Mr. Feeney that they have been requested to indicate their availability for an Audit Committee meeting on either Monday, December 6th, 2021 at 11:00 a.m. or Tuesday, December 7th at 11:30 a.m. to discuss the audit process with the Authority's auditors, PKF O'Connor Davies, in compliance with Executive Order #122 (McGreevy).
4. The Village Drive Healthcare Urban Renewal received a Temporary Certificate of Occupancy and is awaiting final approval from the Department of Health and a permanent Certificate of Occupancy. Because it was originally slated to open in November of 2019, but was stymied by contractor delays and disputes, followed by the pandemic, and subsequently some material delays, the borrowers were not in compliance with the September 30, 2021 Days Cash on Hand requirement on Tuesday, November 17th. The Authority sent a letter to the borrowers yesterday informing them of the issue, with a copy to the bond trustee. Failure to meet this requirement for two consecutive quarters could result in a default. Their ability to expeditiously resolve the issue will depend largely on how quickly they can fill up the facility or if they can find liquidity elsewhere.
5. Coronavirus News
  - a. Hospitalizations from COVID-19 in New Jersey after a brief dip have returned to exactly the same number on November 16th as it was on October 26th: 792, which is far below the peak of 8,270 on April 14, 2020. The rate of transmission in New Jersey has increased to 1.11 from last month's reported 0.83. Since the first case on March 4, 2020, 1,062,640 New Jersey residents have tested positive for COVID-19 with another 160,815 probable. 28,220 people have died of confirmed or probable COVID-19. Nationally, according to the New York Times, as of November 16, 2021 there have been 47,275,212 cases and 764,592 deaths from COVID-19 and an average of 47,364 people were hospitalized over the previous 14 days. In New Jersey 13,158,612 vaccines have been administered, providing 77% of the entire population with at least one dose of the vaccine. 6,137,930 are fully vaccinated or 67% of the entire population, including 78% of those 12 and over and 89% of those 65 and over. In the United States, about 227.7 million people have received at least one dose of the vaccines, including 195.4 million, or 59%, who have been fully vaccinated.

- b. PIX11 reported on optimism among health care experts that COVID-19 numbers would remain at or near their current low level despite increased travel and gatherings for the upcoming holidays. University Hospital CEO Dr. Shereef Elnahal was quoted as saying his optimism was based on the progress of vaccine adoption.
  - c. A further mutation of the Delta variant of COVID-19, referred to as Delta plus, is causing increased cases in the U.K. and Europe. So far it is not in New Jersey but has been found in eight states. There is not enough data yet to determine if Delta plus is more transmissible but it does not appear to be causing a higher rate of hospitalizations or death so far. Infectious disease professionals in the U.S. and in New Jersey are keeping a close eye on Delta plus.
  - d. Recent research by Oxford examining nearly 20,000 cases of COVID-19 patients in the U.S. indicates that COVID-19 cases that “break-through” in vaccinated individuals were less likely to cause serious complications and death but could lead to long COVID symptoms.
  - e. A pediatric version of the Pfizer COVID-19 vaccine for children aged 5 to 11 was given emergency use authorization by the Food and Drug Administration (FDA) on October 29th. The pediatric dose is one-third of the adult dose and is administered in two injections three weeks apart.
  - f. The week prior to the approval of the Pfizer vaccine for children 5 to 11 years old, 11% of the COVID cases reported in the U.S. were among that age group, according to State Epidemiologist Dr. Tina Tan. New Jersey has been preparing to ramp up vaccinations for the newly eligible age group by prepositioning more than 200,000 doses of the pediatric version of the vaccine at hospitals, pediatric clinics, pharmacies and government-run immunization sites in all New Jersey counties, according to Commissioner of Health Judith Persichilli.
  - g. Pfizer has created an anti-viral pill to treat patients with COVID-19. According to a Pfizer study of 775 unvaccinated adults with mild to moderate COVID-19 and at high risk for hospitalization, the pill is 89% effective at cutting the rates of hospitalization and there were no deaths from COVID-19. The only antiviral treatment currently available for COVID-19, remdesivir, must be administered intravenously. Pfizer said it will seek authorization for its COVID-19 antiviral pill from the FDA and international agencies on an expeditious basis. Merck has an antiviral pill, which studies showed was 50% effective against hospitalization and death that has already been approved in the U.K. and is under review by the FDA.
6. New Jersey Hospital & Health Care News
- a. The Leapfrog Hospital Safety Report Card of 2,900 hospitals nationwide was released earlier this month. The report card comes out twice a year and measures how well

hospitals prevent infections, accidents and errors as well as how well they communicated with their patients. New Jersey ranked 9th in the country for Fall 2021, up from its rating of 14th from spring 2021. Of the 70 New Jersey hospitals graded, there were 30 with A's, 16 with B's, 22 with C's and two with D's. No New Jersey hospital had a failing grade. The complete list is in the article provided with other articles distributed for today's meeting.

- b. A coalition of Attorneys General from 25 different states, including California and Pennsylvania, is urging a federal appeals court to keep in place a district court's ruling blocking the merger of Hackensack Meridian Health and Englewood Health on antitrust grounds. The Attorneys General argue the court should block the merger because "states have seen a wave of hospital consolidations, resulting in large healthcare systems with substantial market power and the ability to wield it to the detriment of insurers and patients."
- c. Paige Dworak, the CEO of East Orange General Hospital, was interviewed by Becker's Hospital Review on the proposed sale of East Orange from Prospect Medical Holdings to EOH Acquisition Group. Ms. Dworak will have a 20% financial stake in the hospital once the transaction is finalized. It will make her the first female CEO/owner of a New Jersey hospital. The majority owner will be Ben Klein, a New Jersey native who owns more than three dozen behavioral and substance abuse centers throughout the U.S. The transaction is awaiting approval of the Commissioner of Health. The facility will increase behavioral health and substance abuse treatment while remaining a full-service community hospital.
- d. Virtua Health and Rowan University have signed a letter of intent to explore expanding their existing relationship, pursuant to which they collaborate on education, research and patient care initiatives. The agreement is expected to include plans for more clinical experiences for students at Rowan University's School of Osteopathic Medicine and increase residency and fellowship opportunities.
- e. Jefferson Health and Bayada Home Health Care announced a joint venture that will catalyze post-acute care and digital health transformation for Jefferson patients in New Jersey and Pennsylvania. The organizations cited the increased need for home and virtual health care as well as the need to improve that care going forward.
- f. RWJBarnabas Health announced the permanent appointment of Richard Davis as president and CEO and Jennifer O'Neill as permanent COO of Cooperman Barnabas Medical Center (formerly Saint Barnabas Medical Center). This comes after the abrupt departure of the Chief Executive Officer, Chief Operating Officer, Chief Nursing Officer and the Vice President of Ambulatory Services of Saint Barnabas Medical Center on September 7th. At that time Mr. Davis and Ms. O'Neill were announced as the hospital's interim CEO and COO respectively. Mr. Davis had previously been the Chief Financial Officer of the system's northern region. Ms. O'Neill started as a nurse at Saint Barnabas and worked her way up to the position of Chief Nursing Officer/Vice President of Patient Care Services. She joined the Hospital for Special Surgery in 2019 as Chief Nursing Officer and was subsequently

promoted to Senior Vice President and Chief Operating Officer there before returning to Cooperman Barnabas as COO.

- g. Inspira Medical Center Vineland is among the first in the country to use the recently approved Auris Health Monarch Platform to test for lung cancer using the latest advancements in robotics, software, data science and endoscopy. The use of this technology will hopefully enable the diagnosis of lung cancer at an earlier stage. Treatment outcomes can be significantly improved by early diagnosis.
- h. The March of Dimes report card measuring maternal and infant health found that nearly one out of every ten children in New Jersey was born prematurely last year. The report card gave New Jersey a C+ for maternal and infant health, which was above the national C- grade. Last year the State improved by having 4.8% fewer premature babies. There remains a significantly higher risk of premature births and mortality for Black, Latino and Native Americans in the country and in New Jersey. Governor Murphy and First Lady Tammy Murphy have led efforts to reduce maternal and infant health issues and reduce the disparity for minorities that appear to have started to lead to a reduction in premature births and infant mortality, including extending Medicaid coverage for low-income pregnant women for a year after they give birth and providing coverage for doulas. This July a New Jersey law was passed providing a universal visiting nurse program for every new mother and baby.
- i. Governor Murphy has conditionally vetoed a bill that would have permanently extended rates paid for telehealth visits equal to those of in-person visits, which have been in place since the start of the pandemic in March of 2020. In conditionally vetoing the bill, Governor Murphy wants to continue the same payments through 2023 but expressed concern the pay parity could over-incentivize telehealth over in-person options. The Governor would like the legislature to further examine the impact pay parity might have on underserved populations and how it affect the efficiency and quality of health care provided to patients in general.

## 7. Rating Agency News and Comments

- a. Moody's Investors Service assigned an "A3" rating and S&P Global Ratings assigned an "A-" rating to approximately \$135 million in bonds expected to be issued by the National Finance Authority on behalf of St. Luke's University Health Network. Moody's and S&P also affirmed their "A3" and "A-" rating on St. Luke's approximately \$1.2 billion in existing long-term debt. The rating outlook of both agencies remains "Stable." St. Luke's owns St. Luke's Warren Hospital in Phillipsburg, New Jersey.
- b. Fitch Ratings affirmed its "AA-" issuer default rating for Virtua Health and affirmed its "AA-" rating on several series of bonds previously issued by the Authority on behalf of Virtua Health. The rating outlook remains "Stable."

- c. Fitch Wire released an article expressing concern about the long-term impact staffing shortages will have on operating and expense pressures on nonprofit hospitals and nursing homes.

## 8. National Health Care News

- a. The fall 2021 Kaufman Hall report on health care and Kaufman Hall's October 2021 Hospital Flash Reports were provided to Authority Members for their perusal. The Flash Report noted that hospital performances declined in September in almost every metric due to lower volumes, higher wages and supply chain disruption.
- b. Studies published in JAMA Health Forum indicate hospitals took a huge financial hit during the pandemic but there were wide disparities in fund allocations.
- c. The average cost of a COVID-19 hospital stay varied widely by state, with noncomplex COVID cases ranging from an average of \$31,339 to \$111,213. For complex cases costs averaged \$131,965 to \$472,213. The highest costs for complex cases included, respectively: Nevada at \$472,213; California at \$461,780; Alaska at \$417,208; Texas at \$378,052; and New Jersey at \$377,198. New Jersey had the highest cost for complex cases at \$128,650, after factoring in insurance companies' negotiations of lower prices. Maryland had the lowest in that category at \$49,127. Maryland was also lowest for noncomplex and complex cases before insurance negotiation at \$31,339 and \$131,965 respectively. Mr. Hopkins added that Maryland is a rate-setting state and may be the only one left in the United States.
- d. The Centers for Medicare and Medicaid Services (CMS) has penalized 2,499 hospitals for high readmission rates. This is the 10th year of the CMS's Hospital Readmissions Reduction Program. This year 82% of the 3,046 hospitals were penalized compared to 83% last year. The average penalty was 0.64% payment cut for each Medicare patient stay. Thirty-nine hospitals were assessed the maximum penalty of 3% payment cut. The penalties will save Medicare approximately \$521 million over the next fiscal year.
- e. Additional National Health Care articles provided for today's meeting include:
  - i. The Federal Trade Commission restored a requirement for prior approvals of some proposed acquisitions or mergers.
  - ii. An Axios article on the future of hospitals being outside of hospitals.

## 9. Bond and Tax Legislation and Regulatory News

- a. The provisions the municipal bond market were hoping would be included in the delayed reconciliation bill, called the Build Back Better Act, have been dropped, according to several sources. Those provisions included restoring the ability to

advance refund tax-exempt bonds, expanding bank qualified bonds and creating a new partially federal direct pay bond, similar to Build America Bonds. The municipal bond market participants continue to lobby for their inclusion with the House and Senate. Several legislators said they would like to keep those provisions to the bill, including Representative Richard Neal (D-MA), who is the Chair of the House Ways and Means Committee. Rep. Neal, however, admitted compromises need to be made and it may be hard to keep the municipal bond provisions in the bill. The cost of the bill has been reduced from \$3.5 trillion to about \$1.8 trillion.

- b. Another provision of the Build Back Better Act would implement a new 15% corporate minimum tax that would apply to the adjusted financial statement income for corporations with more than \$1 billion. This would likely include tax-exempt income and may, if enacted, reduce the demand for tax-exempt municipal bonds by traditionally large purchasers of these bonds like banks and property and casualty companies. Reduced demand is likely to lead to higher financing costs for issuers of tax-exempt municipal bonds.
- c. The Municipal Securities Rulemaking Board (MSRB) is seeking comments on Rule G-27, which regulates dealer supervision. The MSRB is attempting to align its rule with the similar rule of the Financial Industry Regulatory Authority (FINRA) and its related guidance. The MSRB is also seeking comment on guidance related to Rule G-42 about municipal advisors.
- d. The MSRB has re-established two advisory groups: the Compliance Advisory Group (CAG) and the Municipal Fund Securities Advisory Group (MFSAG). It is also seeking input on topics it should consider developing compliance resources and tools for municipal fund securities. “[T]he CAG provides additional perspective and expertise to MSRB staff on initiatives to facilitate industry understanding of and compliance with MSRB rules.” The MFSAG provides input to MSRB staff on municipal market practices and educational resources related to 529 savings plans and ABLÉ programs.
- e. The Government Finance Officers Association (GFOA) has been taking the lead on environmental, social and governance (ESG) best practices, releasing three documents focused on environmental risk factors facing state and local governments earlier this year. On October 1st, the GFOA Executive Committee released a best practices document for social and governance factors as well as best practices for disclosure. The goal of GFOA’s initiative is to have issuers identify both the ESG risk factor along with policy actions taken to address the risk factor, offering an additional dimension to market participants to consider in their analysis of the issuer’s creditworthiness.
- f. On October 26th, FINRA filed a complaint against underwriter Cantone Research Inc., its president Anthony J. Cantone and a representative of the company Raymond DeRobbio, alleging that they had made numerous fraudulent and

negligent misrepresentation and omissions of material fact in connection with a 2013 underwriting of \$2.2 million in municipal bonds for a college dormitory issued by the Quad Cities Regional Economic Development Authority in Illinois, and a 2015 underwriting of \$6 million in bonds issued by the Medical Clinic Board of the City of Montgomery, Alabama for an assisted living facility.

Ms. Ford thanked Mr. Hopkins for his report.

Ms. Ford took the opportunity to encourage everyone on the conference call to get vaccinated, and, that if they were fully vaccinated over 6 months ago, to get the booster shot. She added that the Department of Health will be issuing a clarification as to who is eligible for the booster shots next week.

## **8. EXECUTIVE SESSION**

Ms. Ford asked for a motion to go into Executive Session to discuss personnel matters. Ms. Ford announced that the results of the discussion would be made public when the need for confidentiality no longer existed.

Dr. Kazmir offered the motion. Mr. Lovell seconded the motion. Ms. Ford asked if the Members had any questions on the motion. There were no questions. Ms. Ford called for a vote. All Members voted in the affirmative and the resolution was approved.

The Members entered into Executive Session at 10:55 a.m.

### **AB RESOLUTION NO. VV-34**

**NOW, THEREFORE, BE IT RESOLVED**, that, as permitted by the Open Public Meetings Act and the Authority's By-laws, the Authority meet in Executive Session to discuss a personnel matter;

**BE IT FURTHER RESOLVED**, that the results of discussions may be made known at such time as the need for confidentiality no longer exists.

The Members returned to Public Session at 11:25 a.m.

Ms. Ford requested a roll call to make sure all Members were back on the teleconference. All Members were present.

As there was no further business, Ms. Ford asked for a motion to adjourn. Dr. Kazmir made the motion and Mr. Lovell seconded. All Members voted in the affirmative. The meeting was adjourned at 11:27 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 NOVEMBER 18, 2021.

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Cindy Kline, Assistant Secretary