

Minutes of the New Jersey Health Care Facilities Financing Authority regular Meeting held on April 27, 2023 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following *Authority Members* were in attendance:

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

The following *Authority staff members* were in attendance:

Mark Hopkins, Alpa Patel, Taryn Rommell, Frank Troy, Cindy Kline, Edwin Fuentes, Ron Marmelstein, Nino McDonald; and via telephone, Tracey Cameron

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

Stephanie Gibson and George Loeser, Attorney General's Office; Dorian Smith, Governor's Authorities Unit; and, via telephone, John Kelly, Wilentz, Goldman, & Spitzer; Erica Holmes, NJ Department of Health; Steve Fillebrown and Marty Bershtein, Stepping Stones

## **CALL TO ORDER**

Executive Director Mark Hopkins called the meeting to order at 10:04 a.m. and announced that this was a regular Meeting of the Authority, held in accordance with the schedule adopted at the May 26, 2022 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. Mr. Lovell nominated Robin Ford to serve as Chair pro tem for the April 27, 2023 meeting and Mr. Paulino seconded. Mr. Hopkins called for a vote. All Members voted in the affirmative and the motion carried.

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

### **1. APPROVAL OF MINUTES March 23, 2023 Authority Meeting**

Minutes for the Authority's March 23, 2023 Meeting were distributed for review and approval prior to the meeting. Ms. Ford asked for a motion to approve the minutes. Mr. Lovell made the

motion. Mr. Maddali seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the minutes were approved.

## 2. NEGOTIATED SALE REQUEST Stepping Stones 2020, LLC

Ms. Ford called on Edwin Fuentes to present the details of the request for approval of the negotiated sale in the form of either a public offering or a private placement on behalf of Stepping Stones 2020, LLC.

Mr. Fuentes began by introducing Steve Fillebrown, consultant of Stepping Stones 2020, LLC (“Stepping Stones”) and Marty Bershtein, financial advisor for Stepping Stones, who were joining us via telephone. Members are advised this presentation will serve as 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 Stepping Stones 2020, LLC.

Mr. Fuentes explained that Stepping Stones is a for-profit, single purpose limited liability company, the owner and developer of the proposed project presented to you today. Stepping Stones has signed a Memorandum of Understanding with the Authority to undertake a tax-exempt negotiated sale of approximately \$15 million, issued in the form of either a public sale or a private placement. Proceeds of the transaction are expected to be used to: 1) purchase and rehabilitate a building located at 27 North Clinton Ave in Trenton, NJ, to provide 64 rental units of affordable housing to low-income persons, as well as provide integrated healthcare and social services; 2) fund reserve accounts, to the extent required; 3) fund a capitalized interest account, if necessary; and 4) pay the related costs of issuance

Mr. Fuentes noted that tax-exempt financing is available as a result of (1) Stepping Stone’s agreement to qualify its facility as a residential rental project under Section 142(d) of the Internal Revenue Service Code and require that a certain number of its units be rented to low and moderate income individuals or families and (2) the allocation of a portion of the state’s volume cap.

Mr. Fuentes stated that Stepping Stones has asked that the Authority permit the use of a negotiated sale based on: **(1) sale of a complex or poor credit, (2) volatile market conditions, and (3) programs or financial techniques that are new to investors.** This reason is considered under the Authority’s policy regarding Executive Order #26, to be a justification for the use of a negotiated sale.

Also 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. Due to current market uncertainty,

Stepping Stones is not able to determine at this time whether a private placement would be more beneficial than a public offering form of negotiated sale. Stepping Stones believes approval of a negotiated sale in the form of either a public offering or a private placement would give the borrower added flexibility due to potential market changes prior to issuance of bonds.

Mr. Fuentes concluded by stating that staff recommends the consideration of the resolution, which was included in your meeting materials, approving the use of a negotiated sale in the form of either a public sale or a private placement for the Series 2023 Bonds, and forwarding a copy of the justification in support of said resolution to the State Treasurer.

Mr. Fuentes said if the Board Members had any questions, Mr. Bershtein, Mr. Fillebrown, or he would be happy to address them.

Ms. Devane asked for a further explanation of what types of healthcare services would be available onsite and if there would there be licensing requirements for those services.

Mr. Fillebrown replied that the services are going to be provided through Catholic Charities, who are going to be a 5% owner of this LLC. We expect there to be a heavy emphasis on behavioral health, as that is likely to be the high demand of the residence of this facility. We also expect it to have any primary care services such as, there may be access to pharmaceuticals, as opposed to having them get them somewhere else so they can get the medications needed, treatment of chronic conditions like high blood pressure and diabetes. By having these services in the building they can get the patients the services they need in house opposed to having them showing up at emergency rooms to get more expensive treatment because they weren't staying current with their healthcare needs.

Ms. Devane also stated then, that it would primary be for outpatient services not inpatient services.

Mr. Fillebrown agreed by saying that it would be primarily outpatient services to try to eliminate the need for more inpatient services.

Ms. Devane then asked if there would be a medical director on site.

Mr. Fillebrown stated that he would have to check with Catholic Charities on that questions.

Mr. Hopkins added that he believes that there will be a virtual exam room with a medical tech or nurse who would be able to have residents have visits with a professional.

Mr. Fillebrown expects there to be medical professionals on site. He also stated that they are seeking approval quickly to seek bond counsel for regulatory issues.

Ms. Ford told Ms. Devane that the Department of Health will assure that the licensing requirements are met accordingly as to what kind of facility it falls under depending on what type of medical program it is.

Ms. Ford asked for a motion to approve the request for a negotiated sale in the form of either a public offering or a private placement for Stepping Stones 2020, LLC. Mr. Lovell made the motion. Ms. Devane seconded. Ms. Ford asked if the Members had any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

#### **AB RESOLUTION NO. 2023-4-A**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled, “**RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY A NEGOTIATED SALE IN THE FORM OF EITHER A PUBLIC OFFERING OR A PRIVATE PLACEMNT PURSUANT TO EXECUTIVE ORDER NO 26**”

*(attached)*

### **3. AMENDMENT TO BOND DOCUMENTS FOR LIBOR TRANSITION Shore Memorial Hospital, Series 2019**

Ms. Ford called upon Edwin Fuentes to explain the reasons for amending the bond documents for the Shore memorial Hospital, Series 2019 Bonds.

Mr. Fuentes began by stating that staff is requesting that the Members approve the resolution set before you today entitled a ‘Resolution Of The New Jersey Health Care Facilities Financing Authority Authorizing Certain Amendments To The Trust Agreement Relating To Its Outstanding Refunding Bonds, Shore Memorial Hospital Obligated Group Issue, Series 2019, And Entering Into A First Supplemental Trust Agreement In Connection Therewith’ (the “Resolution”).

Mr. Fuentes explained that on June 30th of 2023, the USD London Interbank Offered Rate, known as LIBOR, will be phased out of financial markets. Several of the Authority’s outstanding bond obligations utilize LIBOR as an index rate. As a proactive measure, Authority staff distributed a Request for Proposals in order to assign bond counsel to assist borrowers in transitioning from a LIBOR rate to a new index rate for their affected series of Authority bonds. The members approved Wilentz, Goldman and Spitzer as bond counsel at this Authority’s June 2022 meeting. As of today, this board has approved the replacement of index rates for seven out of the eight outstanding series of bonds affected by the transition.

Mr. Fuentes noted that the Refunding Bonds, Shore Memorial Hospital Obligated Group Issue, Series 2019 issued by this Authority are currently outstanding in the approximate amount of

\$22,240,000 and uses LIBOR as an index rate. Shore Memorial Hospital and Truist Commercial Equity, Inc., holder of the Series 2019 bonds, have agreed to use the secured overnight financing rate (“SOFR”), as administered by the Federal Reserve Bank of New York as the replacement index rate on the 2019 bonds, and now seek to amend the Trust Agreement pursuant to which the 2019 bonds were issued in order to implement the change.

Mr. Fuentes stated that if approved, this will be the final series of Authority bonds requiring amendments for the respective replacement index rate.

Mr. Fuentes introduced John Kelly of Wilentz, Goldman, and Spitzer, Bond Counsel, who will present the resolution authorizing the amendments. Following his presentation, Mr. Kelly or he would address any issues or questions the Members had.

Mr. Kelly, stated that, in order to effectuate the changes to the Trust Agreement which have been previously described, the Resolution provides for the adoption and approval by the Authority of a First Supplemental Trust Agreement for the Shore Memorial Hospital Obligated Group Issue, Series 2019 Bonds, and authorizes the execution and delivery thereof by an Authorized Officer of the Authority. In addition, the Resolution also authorizes the Authorized Officers of the Authority to execute and deliver such other documents and to take such other action as may be necessary or appropriate to effectuate the execution and delivery of the First Supplemental Trust Agreement.

Ms. Ford asked for a motion to approve a resolution to amend the bond documents on behalf of Shore Memorial Hospital, Series 2019 Bonds. Ms. Devane made the motion. Mr. Paulino seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the motion was approved.

#### **AB RESOLUTION NO. 2023-4-B**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled “**RESOLUTION OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY AUTHORIZING CERTAIN AMENDMENTS TO THE TRUST AGREEMENTS RELATING TO ITS OUTSTANDING REFUNDING BONDS, SHORE MEMORIAL HOSPITAL OBLIGATED GROUP ISSUE, SERIES 2019, AND ENTERING INTO A FIRST SUPPLEMENTAL TRUST AGREEMENT IN CONNECTION THEREWITH**”

*(attached)*

#### **4. FIRST AMENDMENT TO LOAN AGREEMENT FOR FAMILY PLANNING OF OCEAN COUNTY TO AMEND PROJECT DESCRIPTION**

Ms. Ford called upon Mark Hopkins to present, on behalf of the Loan Evaluation Committee, the recommendation of the proposed Loan Agreement amendments to the project descriptions related to the 15 Planned Parenthood of Northern, Central, and Southern New Jersey facilities approved from the First and Second Round Applications for the Family Planning Facilities Upgrade Forgivable Loan Program.

Mr. Hopkins began by reminding Members that pursuant to the Family Planning Facilities Upgrades Forgivable Loan Program (the “Program”), on December 15, 2022 the Authority Members approved a forgivable loan totaling \$338,059, to the Family Planning Center of Ocean County, Inc. for facilities upgrades at its facility at 40 Bey Lea Road, Suite B103, Toms River and the acquisition and equipping of a custom van to be used as a mobile clinic. On January 25, 2023, the Authority entered into a Loan Agreement with the Family Planning Center of Ocean County in the amount of \$338,059.

Mr. Hopkins explained that after the submission of its application and entering into the Loan Agreement, the Family Planning Center of Ocean County determined it no longer required shelving in the basement of its facility, which accounted for \$10,000 of the Family Planning Center of Ocean County’s project. It instead determined it needed to install an identifying wrap for its mobile clinic van, costing \$5,490, and to install \$2,000 in artwork to beautify the areas of patient access at its facility at 40 Bey Lea Road, Suite B103, Toms River.

Mr. Hopkins noted that on April 4, 2023, the Loan Evaluation Committee received a request from the Family Planning Center of Ocean County to amend its project as described above and to reduce its loan amount by \$2,510 to \$335,549. The Loan Evaluation Committee has reviewed the proposed amended project and finds it satisfactory and compliant with the Program.

A proposed resolution approving entering into a First Amendment to Loan Agreement with the Family Planning Center of Ocean County was provided with the meeting materials last week. A slightly revised resolution incorporating the comments of the Attorney General’s office was distributed by email yesterday. The Attorney General’s office has no objections to the Authority Members’ consideration of the revised resolution.

Mr. Hopkins concluded that on behalf of the Loan Evaluation Committee, he recommends that the Authority Members approve the resolution provided yesterday authorizing an Authorized Officer of the Authority to enter into a First Amendment to Loan Agreement with the Family Planning Center of Ocean County which reduces the loan amount from \$338,059 to \$335,549, revises the definition of “Project” and replaces “Appendix B – Description of Project” with “Amended Appendix B – Description of Project” as described in Family Planning Center of Ocean County’s April 4, 2023 request.

He then announced that Taryn Rommell, Erica Holmes, or he would be happy to answer any questions the Authority Members had, in which there were none.

Ms. Ford asked for a motion to approve the resolution to amend the project description and reduce the loan amount in the Loan Agreement for the Family Planning of Ocean County which was approved for a forgivable loan on December 15, 2022 for the Family Planning Facilities Upgrade

Forgivable Loan Program. Mr. Lovell made the motion. Mr. Maddali seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the motion was approved.

#### **AB RESOLUTION NO. 2023-4-C**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled, **“A RESOLUTION APPROVING AN AMENDMENT TO THE LOAN AGREEMENT AMENDING THE PROJECT DESCRIPTION AND REDUCING THE LOAN AMOUNT FOR THE FAMILY PLANNING FACILITIES UPGRADES FORGIVABLE LOAN PREVIOUSLY APPROVED BY THE AUTHORITY ON DECEMBER 15, 2022 WHICH AUTHORIZED A FORGIVABLE LOAN IN THE AMOUNT OF \$338,059 TO THE FAMILY PLANNING CENTER OF OCEAN COUNTY, INC.”**

*(attached)*

#### **5. AMENDMENT TO RUTGERS DAYAM PROJECT AND EXEMPTION FROM CERTAIN REPOTING REQUIEMENTS IN THE LOAN AGREEMENT**

Ms. Ford called upon Mark Hopkins to present, on behalf of the Loan Evaluation Committee, the recommendation of the proposed amendment to its project and exemption from certain reporting requirements to the Loan Agreement on behalf of Rutgers DAYAM for the Family Planning facilities Upgrade Forgivable Loan Program.

Mr. Hopkins began by reminding Members that on December 15, 2022, when the Authority made its first round of approvals for the Family Planning Facilities Upgrade Forgivable Loan Program (the “Program”) Authority Members approved \$132,893 for equipment, supplies and materials at the Rutgers University’s Rutgers Biomedical and Health Sciences, Rutgers New Jersey Medical School, Department of Pediatrics, Division of Adolescent & Young Adult Medicine (“Rutgers DAYAM”). The Authority’s draft of the Rutgers DAYAM Loan Agreement was reviewed by the general counsel’s office at Rutgers University. On April 14, 2023, counsel requested certain changes, largely based on the accounting practices and the complex bureaucracy at Rutgers University. Rutgers is requesting the following changes to Section 5.4 of the form of Loan Agreement:

- It provide only annual unaudited financial statements and that they be submitted within 180 days of the end of the fiscal year. Section 5.4 of the form of Loan Agreement would normally require quarterly unaudited financial statements to be submitted within 45 days of the end of the quarter and annual unaudited financial statements to be submitted within 150 of the end of the fiscal year;
- It be excused from providing quarterly utilization reports and the quarterly certification from the Chief Financial Officer stating that no Event of Default has occurred and is continuing

under the Loan Agreement, however, it will be required to provide a utilization report upon completion of the project with respect to reproductive health services provided by Rutgers DAYAM;

- That Audited Financial Statements be delivered only during the term of the loan and only when they become available. Section 5.4 of the form of Loan Agreement states it must be submitted within 150 days; and
- That it be exempted from the requirement that it provide the Authority with notice of any changes to the Chief Executive Officer, President, Chief Operating Officer or Chief Financial Officer within 30 days.

Mr. Hopkins also noted that the Authority Operations staff noticed that the total of requested funds did not match the total of supplies and equipment enumerated in the project description provided. After inquiry, Rutgers DAYAM informed the Authority on April 6, 2023, that the difference, \$21,174, was for start-up costs including staffing, which is permitted by the Program. Therefore, the description of project will change from the original description provided with the application but does not change the overall loan amount approved on December 15, 2022.

Mr. Hopkins stated that the Loan Evaluation Committee reviewed the requested changes to the Authority's draft of Rutgers DAYAM Loan Agreement and, based on the fact that Rutgers is the State University of New Jersey and therefore must adhere to numerous other reporting requirements and public scrutiny as a public university, it would not object to the requested changes, with the exception of requiring a utilization report at the end of the program period. The Attorney General's office has reviewed the proposed changes to the Authority's draft of Rutgers DAYAM Loan Agreement and has no objection to the Authority Members consideration of the proposed changes at today's meeting.

Mr. Hopkins concluded by saying that a proposed resolution approving the proposed changes to Authority's draft of Rutgers DAYAM Loan Agreement was provided today. Taryn and he would be happy to answer any questions the Members had.

Ms. Ford asked for a motion to approve the resolution to approve the resolution to authorize a Forgivable Loan in the amount of \$132,893 to Rutgers DAYAM for its amended project, approving entering into a loan agreement, with an exemption from certain reporting requirements, with Rutgers DAYAM for its amended project and canceling the Forgivable Loan for the original project approved on December 15, 2022. Mr. Paulino 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, except for Ms. Devane who recused herself, and the motion was approved.

#### **AB RESOLUTION NO. 2023-4-D**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled, **"A RESOLUTION AUTHORIZING A FORGIVABLE LOAN IN THE AMOUNT OF \$132,893 TO RUTGERS UNIVERSITY'S RUTGERS BIOMEDICAL AND HEALTH SCIENCES, RUTGERS NEW JERSEY MEDICAL SCHOOL, DEPARTMENT OF PEDIATRIC, DIVISION OF ADOLESCENT & YOUNG**



**ADULT MEDICINE (“RUTGERS DAYAM”) FOR ITS AMENDED PROJECT, APPROVING ENTERING INTO A LOAN AGREEMENT WITH RUTGERS DAYAM FOR ITS AMENDED PROJECT, AND CANCELING THE FORGIVABLE LOAN FOR ITS ORIGINAL PROJECT APPROVED ON DECEMBER 15, 2022”**

*(attached)*

**6. RESOLUTION OF APPRECIATION**

**Dr. Munr Kazmir**

Ms. Ford asked Mark Hopkins to read the Resolution of Appreciation for Dr. Munr Kazmir to the Members.

Mr. Hopkins read the following resolution:

**WHEREAS**, Munr Kazmir, M.D. was nominated by Governor Chris Christie to be a Member of the New Jersey Health Care Facilities Financing Authority on May 11, 2011, and was confirmed by the Senate on June 27, 2011; and,

**WHEREAS**, Governor Christie nominated Dr. Kazmir for reappointment to the Authority on February 27, 2017, and he was confirmed by the Senate on June 19, 2017; and,

**WHEREAS**, throughout his tenure as a Member of the Authority, Dr. Kazmir served in various elected positions, including that of Vice Chairperson, Treasurer, and Chairperson of the Authority’s Finance Committee and Evaluation Committee; and,

**WHEREAS**, in his various capacities, Dr. Kazmir provided the Authority with guidance and expertise on health care, finance, governance and real estate; and,

**WHEREAS**, Dr. Kazmir also offered his time and leadership abilities by chairing numerous meetings in the absence of the Authority Chairperson; and,

**WHEREAS**, Dr. Kazmir, as a member of the Authority, demonstrated initiative in carrying out the mission of the Authority, that of ensuring “that all health care organizations have access to financial resources to improve the health and welfare of the citizens of the State”; and,

**WHEREAS**, toward that mission, during Dr. Kazmir’s tenure the Authority issued over \$8.37 billion in financings for New Jersey’s health care organizations; and

**WHEREAS**, Dr. Kazmir will be remembered for his ability to bring enjoyment to his work through a blend of ingenuity, kindness and generosity; and,

**WHEREAS**, the Authority wishes to acknowledge Dr. Kazmir’s dedication to the Authority and the professionalism with which he carried out Authority business;

**NOW, THEREFORE, BE IT RESOLVED**, that, on this 27<sup>th</sup> day of April, 2023, the New Jersey Health Care Facilities Financing Authority hereby expresses its sincere appreciation to Munr Kazmir, M.D. for his more than twelve years of service and numerous accomplishments with the Authority; and,

**BE IT FURTHER RESOLVED**, that a copy of this Resolution of Appreciation be given to Dr. Kazmir as a tribute from the Authority.

Ms. Ford, Mr. Lovell, and Mr. Hopkins expressed their thanks and appreciation for all that Dr. Kazmir did during his tenure at the Authority.

Ms. Ford asked for a motion to approve the Resolution of Appreciation for Dr. Munr. Kazmir. Mr. Lovell offered the motion. Mr. Paulino seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford then called for a vote. All Members voted in the affirmative and the motion passed.

#### **AB RESOLUTION NO. 2023-4-E**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled “**RESOLUTION OF APPRECIATION FOR DR. MUNR KAZMIR.**” as a Public Member of the Authority and thanks him for his service.”

#### **7. AUTHORITY EXPENSES**

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

#### **AB RESOLUTION NO. 2023-4-F**

**WHEREAS**, the Members of the Authority have reviewed the memoranda dated April 19, 2023 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amount of \$38,679.00 and \$36,367.97, 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.

## 8. STAFF REPORTS

Ms. Ford thanked staff for the Project Development Summary and Cash Reconciliation Report.

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

Mr. Hopkins reported the following:

1. Authority Members and Senior Staff are reminded that they are required to file Financial Disclosure Statements with the State Ethics Commission by no later than May 15, 2023. Filings must be made electronically through the State Ethics Commission website. Late filers will be subject to a fine of up to \$50 per day. Authority Members are required to file the somewhat less onerous disclosure for Public Officers (not Public Employees). If you have any questions about the process, please do not hesitate to call Robin Piotrowski, the Authority's Ethics Liaison Officer.
2. Authority Members are directed to the blank slate of officers and suggested meeting dates provided in your meeting packets. The Authority Members will be asked to elect officers and vote on meeting dates at our annual meeting next month.
3. New Jersey Hospital News
  - a. Cooper University Health Care and Cape Regional Health System have signed a definitive agreement to merge. The systems executed a letter of intent in December 2022 and have been undertaking a due diligence process since. The merger is subject to regulatory review and expected to be completed in one year. Once completed, the combined system will have two hospitals with 900 licensed beds, over 900 employed physicians, over 130 ambulatory locations and six urgent care centers.
  - b. University Hospital has an ambitious plan to redevelop its Newark campus. The estimated cost of the entire plan is \$1.8 billion. University Hospital has raised approximately \$200 million for the first phase but will need an additional \$410 million to complete the first phase. It is requesting funding from the legislature. Because University Hospital is the State's only public hospital and has the only Level 1 Trauma Center in northern New Jersey, unions and community representatives, including the Health Professionals and Allied Employees, are advocating for the State to use some of the \$1.4 billion the State has remaining in pandemic funding for the University Hospitals redevelopment plans.
  - c. RWJBarnabas Health's Newark Beth Israel Medical Center unveiled the hospital's new 17,500 square foot glass-enclosed lobby. The project is part of a \$150 million expansion of the facility, which is partially funded by Authority bonds. Last year it completed a new geriatric unit and is soon to open a redesigned cardiothoracic intensive care unit. Next year it expects to complete an expanded emergency department, cardiac cauterization lab and several new operating rooms.

- d. A new proton radiation therapy center has opened in Voorhees, the first in southern New Jersey. It is a joint venture of Virtua Health and Penn Medicine. The facility is 8,600 square feet and cost \$45 million and nearly 3 years to build and equip. Proton radiation is particularly effective at targeting cancer with pin-point precision without damaging surrounding tissue. This is especially beneficial for cancers in sensitive areas like the brain, heart and spinal cord as well as for cancers that cannot be completely removed by surgery.
- e. Virtua Health also announced that it plans to acquire Moorestown-based Reconstructive Orthopedics. This will add 60 clinicians and 300 total employees to Virtua Medical Group. The practice, which will be known as Virtua Reconstructive Orthopedics, will have eight locations in Burlington, Camden, Cumberland & Gloucester counties. Virtua also announced a new \$1 million customized van that will serve as a mobile health and cancer screening unit.
- f. Inspira Health Network has named Elizabeth “Betsy” Ryan as its new board chair. Ms. Ryan was formerly president and CEO of the New Jersey Hospital Association.
- g. AtlantiCare has named Michael Charlton as interim president and CEO. Mr. Charlton was chair of the AtlantiCare board from 2017 until earlier this year. He has extensive experience as a health care entrepreneur and through his service as a board and committee member at AtlantiCare and the American Hospital Association. He will work side by side with current president and CEO Lori Herndon for the next month until she steps away from day-to-day operations at the end of May and fully retires in June.
- h. There have been a number of recent developments at CarePoint Health’s three hospitals and its foundation:
  - (i) The CarePoint Foundation was paid \$970,000 by Hudson County from the federal Ryan White program to provide care for HIV/AIDS patients. However, the funds never made it into CarePoint Foundation’s bank account but were instead deposited into a Wells Fargo account CarePoint says has nothing to do with the foundation or the hospitals. An investigation into where the funds went has been initiated and CarePoint is asking that the county pay it for its services.
  - (ii) The State Health Planning Board has recommended that CarePoint’s Christ Hospital be approved for a certificate of need to be transferred from its current for-profit ownership to a substantially nonprofit entity created by donations of equity from some of the for-profit’s former owners. However, that recommendation could be reversed if CarePoint fails to provide information related to its lease with the new property owner, which had not been disclosed with its certificate of need application. The property had previously been owned by many of the same principles that owned the operations and was sold recently to a company owned by Avery Eisenreich, who owns the property of CarePoint’s Hoboken University Medical Center

and previously owned the property of CarePoint's Bayonne Medical Center before selling it to a company owned by the owner of Hudson Regional Hospital. The final approval on the certificate of need is up to the Commissioner of Health.

- (iii) CarePoint's Bayonne Medical Center had received approval to open a 27-bed involuntary psychiatric unit last year, but is having difficulty funding the \$3.2 million needed for the new unit. The approval will expire in June. CarePoint is hoping for a two-year extension and/or State funding to build out the unit.

#### 4. Ratings Agency Actions and Publications

- a. Moody's Investors Service has downgraded the debt of Thomas Jefferson University from "A2" to "A3." It also assigned an outlook of "Stable." Thomas Jefferson University operates Jefferson Health which operates numerous hospitals in Philadelphia and its suburbs, including Jefferson Cherry Hill Hospital, Jefferson Stratford Hospital and Jefferson Washington Township Hospital, in New Jersey.
- b. Fitch Ratings released a Fitch Wire warning that the end of Medicaid continuous enrollment, resulting from the end of the public health emergency declaration, will be a credit-negative for not-for-profit hospitals, particularly for those in the 10 non-Medicaid expansion states and those with 30% or more of their patient base on Medicaid.
- c. Fitch also released a commentary observing that hiring is up at not-for-profit hospitals, indicating that the health care labor shortage may be easing.
- d. Moody's Investor's Service published a Sector In-Depth for not-for-profit and public health care warning that operations continue to be pressured and margins remain low despite turn-around efforts due to lingering impact of the pandemic.
- e. Moody's also released a Sector In-Depth on global health care noting that the rising incidence of cyberattacks will require increased investments in cybersecurity at the same time other costs are increasing in health care.
- f. Also provided with the articles emailed on Wednesday was Moody's Healthcare Quarterly for April 2023.

#### 5. New Jersey Health Care News

- a. The Kaiser Family Foundation released the average adjusted expenses of an inpatient hospital stay per day by state and hospital type for 2021. The national average was \$2,742 per day for state and local government hospitals, \$3,013 for non-profit hospitals and \$2,296 for for-profit hospitals. New Jersey's averages were, \$1,860 for state and local government hospitals, \$3,315 for non-profit

hospitals and \$2,244 for for-profit hospitals. Frank Troy prepared a spreadsheet which was included in the articles emailed to Authority Members on Wednesday.

- b. The New Jersey Hospital Association released its Hospital Community Benefit Report 2022, using data from 2020. It highlighted the important role New Jersey hospitals played in the pandemic as well as the estimated \$3.4 billion in community benefits hospitals provided in 2020. Unpaid costs of medical care provided totaled \$2 billion and other community benefit services and programs totaled \$1.2 billion with community health improvement services and health professions education making up the balance of over \$267 million.
- c. Governor Murphy has rescinded two of the last pandemic mandates: (i) unvaccinated employees at doctors' offices, hospitals and behavioral health programs, who were granted religious or medical exemptions from vaccinations, no longer need to be regularly tested; and (ii) people are no longer required to wear masks in health care facilities like hospitals and doctors' offices.
- d. New Jersey is changing the way it addresses social determinants of health, like housing, food and behavioral health. It received federal approval in late March to reform its Medicaid program, known as NJ Family Care, to better connect clinical health services with behavioral health and social service programs that provide housing, nutrition and other support. New Jersey's Department of Human Services will work with the five insurance companies that provide Family Care plans to the nearly one million New Jersey residents who qualify, to ensure their covered members have access to housing-assistance services, better coordination of behavioral health services and other social services. The changes will be rolled out over several years.
- e. Two new mothers are suing the hospitals at which they gave birth for performing unnecessary drug tests without their knowledge, which came back positive for opiates because the women had eaten bagels with poppy seeds. The hospitals, Hackensack University Medical Center and Virtua Voorhees Hospital, called child protective services to report the women for possible child abuse or neglect of their newborns.
- f. Two thorough articles by Lilo Stainton of NJ Spotlight discuss: (i) how low-income patients in New Jersey will afford health care after the free vaccines, treatments and Medicaid expansion enabled by the declaration of COVID as a public health emergency, which is set to expire in May; and (ii) public health teams' request for more funding to prepare for the next emergency like COVID, swine flu, 9/11, noting that money floods in immediately following the emergency but funds are not available after the emergency is over to sustain the talent needed for the next emergency.
- g. A new report from Acting State Comptroller on nursing homes urges the State agencies that oversee Medicaid to shift their payment system to reward higher

quality care instead of a flat fee per resident. This comes on the heels of negative quality reports and safety violations at several nursing homes in New Jersey. Some of the criticized nursing homes have overlapping ownership with other nursing homes cited for low quality or safety violations.

- h. Governor Murphy is seeking to add \$1.2 million to the State budget to expand the use of mission-critical teams to go into nursing homes struggling with safety and quality issues. A mission-critical team of three was deployed to the State-run Veterans Memorial Home at Menlo Park and successfully improved conditions there after it had been cited by federal officials for poor infection control and potential abuse of residents.
- i. An article in ROI-NJ explores the pros and cons of the increasing trend of physicians practicing in large physician groups as opposed to offices of one to a few doctors.
- j. Dr. Fred Jacobs, former New Jersey Commissioner of Health, penned an op-ed opposing Senate Bill 1522 which would allow advance practice nurses to practice across all specialties with necessary physician involvement. While he believes advanced practice nurses are very helpful, he espoused the importance of the superiorly educated and trained physicians in supervising the treatment of patients. He cited two studies that demonstrated advanced practice nurses without physician supervision actually increased costs despite their lower salaries, because their inexperience tended to make them more likely to overprescribe medications, make unnecessary referrals and order unnecessary tests and diagnostic imaging.
- k. Due to the federal emergency's expansion of eligibility ending in February, which increased access to the Supplemental Nutritional Assistance Program ("SNAP"), food pantry leaders in Morris, Passaic and Somerset counties reported increases of up to 20% in the number of people seeking their services in March.

## 6. National Health Care News

- a. The Centers for Medicare and Medicaid Services ("CMS") released a proposed Inpatient Prospective Payment System rule proposing to increase inpatient payments for Medicare patients to hospitals by 2.8%. CMS is also evaluating hospital value-based payments partially on how hospitals address health equity issues. Hospital trade organizations criticized the proposal as inadequate given inflationary and labor pressures.
- b. At a recent conference in Chicago, it appeared hospitals were limiting non-essential expenses, given the tough current economic environment, but were still looking to invest but only where the investment could quickly save the hospital money or add revenue.

- c. Federal lawmakers will be considering a nationwide nurse staffing law to set minimum nurse to patient ratios for all hospital units. The bill is very similar to California’s nurse staffing law.
- d. According to a survey performed by the National Council of State Boards of Nursing, nearly 100,000 nurses were estimated to have left the field during the pandemic, a net 2.7% decline in registered nurses. Another nearly 800,000 intend to leave the field by 2027.
- e. HFMA contributor David Johnson warns that “[i]t’s time for healthcare to get off the gravy train and deliver on the promise of value-based care.” He said “a more parsimonious funding paradigm has emerged” driven by macroeconomic realities. He highlighted the ability of retail megaliths like Amazon entering the health care market place with its enormous market power making it capable of driving down its costs. He also noted that 2021 health care spending bucked the trend by increasing only 2.7% which lowered healthcare’s percentage of the national economy to 18.3% from 19.7% a year earlier. Health care’s percentage of the national economy has regularly increased for decades.
- f. Due to recent cuts and closures at for-profit hospitals in Pennsylvania, its legislature is considering banning private equity groups and other for-profit entities from acquiring hospitals. It is also considering limiting sale-leaseback transactions on hospital real estate and forbidding paying dividends to owners within the first two years of acquiring a hospital.
- g. In major news that broke yesterday, Kaiser Permanente announced it plans to acquire Geisinger Health, if it receives the necessary state and federal regulatory approvals. Geisinger Health is a 10-hospital nonprofit health system located primarily in central Pennsylvania with a health plan which has 600,000 members. Kaiser Permanente is a 39-hospital nonprofit health system, mostly in the west, and also has an intergrated health plan with 13 million members. Geisinger will be the pilot health system in what is planned to be a multi-system value-based care organization which will be called Risant Health. Kaiser Permanente plans to invest \$5 billion into Risant Health and acquire five or six additional health systems over the next five years. Risant Health will be a nonprofit organization that operates “separately and distinctly from Kaiser Permanente’s core integrated care and coverage model.”
- h. Also provided with the articles emailed on Wednesday were: (i) Kaufman Hall’s article on the essential role financial reserves play for non-profit hospitals and (ii) Kaufman Halls’ National Hospital Flash Report for March 2023.

## 7. Bond and Tax Legislation and Regulatory News

- a. The public finance community has been disappointed by the lack of municipal bond proposals coming out of President Biden’s administration. Long considered an avid



supporter of infrastructure projects, President Biden has done little to advance the use of municipal bonds, seen as “the financial engine of infrastructure.”

- b. Banks and individual retail investors shied away from purchasing municipal bonds in the fourth quarter of 2022 due to market volatility. The value of municipal bonds owned by individuals decreased 11.7% in the fourth quarter. Banks’ investment in municipal bonds fell 8.1% and is expected to fall more during the first and second quarter of 2023 due to recent bank failures.
- c. The American Securities Association (“ASA”) and others have commented on the Securities and Exchange Commission’s (“SEC”) proposal to clamp down on conflicts of interest connected with the sale of asset-backed securities and certain other securitization transactions, as required by the Dodd-Frank Act. The ASA is asking that municipal securities be exempt from enforcement due its broad scope, the relatively low risk of abuse in municipal bonds, and the negative impact on underwriters involved in certain transactions.
- d. The Municipal Securities Rulemaking Board (“MSRB”) has filed proposed amendments to Rules G-12 and G-15 with the SEC which would shorten the settlement cycle on municipal bonds to one business day for broker-dealer transactions. The settlement cycle is currently two business days. This is similar to the SEC’s recent shortening of the settlement cycle for corporate bonds. Municipal markets trade groups praised the MSRB proposed amendments.

## 9. Authority News

- a. In sad news, the Authority’s former Communications Specialist Chris Kniesler passed away unexpectedly on March 24<sup>th</sup>. He had retired from the Authority about a year ago. He is survived by his wife Kathy and his parents Frederick and Bernice. He had previously been Executive Officer of the Shore Builders Association of Central New Jersey, Director of Government Relations at the School Boards Association, Director of Administration at the Monmouth County Prosecutor’s Office and Deputy Director of the Division of Motor Vehicles, among other leadership roles in New Jersey government.
- b. In happier news, Taryn Rommell, the Authority’s Assistant Director of Research, Investor Relations and Compliance, celebrated her 15<sup>th</sup> anniversary with the Authority on March 24<sup>th</sup>. Congratulations Taryn!
- c. On March 27, 2023, Ankita Parikh joined the Authority as an Accountant. She had been working at the Authority as a temp over the previous few months. Prior to that she was Chief Financial Officer at Krishna Food Traders in Somerset and Assistant Manager of the Accounting Department at Sun Pharmaceutical Industries in Cranbury. She has a B.S. degree in Finance from Kean University. Welcome Ankita!

Ms. Ford thanked Mr. Hopkins for his report. She thanked Mark for mentoring her and all his hard work and dedication to the Authority. She wished him well in his retirement.

## **10. 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.

Ms. Devane offered the motion. Mr. Paulino 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 11:00 a.m.

### **AB RESOLUTION NO. 2023-4-G**

**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 personnel matters;

**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 11:15 a.m.

A role call was taken to make sure all Members were back on the teleconference. All Members were present.

## **11. APPROVAL OF PERSONNEL MATTERS DISCUSSED IN EXECUTIVE SESSION**

Ms. Ford asked for a motion to approve the compensation discussed in Executive Session for the Project Manager to take on the additional role of Chief Diversity Officer for the Authority. Ms. Ford 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.

### **AB RESOLUTION NO. 2023-4-H**

**NOW, THEREFORE, BE IT RESOLVED,** that the compensation for the Project Manager to take on the additional role of Chief Diversity Officer for the Authority discussed in Executive Session has been approved.

Ms. Ford then asked for a motion to approve the compensation discussed in Executive Session for the Executive Assistant/Office Manager for performing the Communications Specialist duties from January through May 2023. Mr. Lovell offered the motion. Mr. Maddali 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.

**AB RESOLUTION NO. 2023-4-I**

**NOW, THEREFORE, BE IT RESOLVED,** that the compensation for the Executive Assistant/Office Manager for performing the Communications Specialist duties discussed in Executive Session has been approved.

Mr. Smith, from the Governor's Authorities Unit expressed his many thanks to Mr. Hopkins for his service to the State of New Jersey. He then read a letter of appreciation from the Governor's Office. Mr. Lovell also expressed his gratitude towards Mark and all of his accomplishments at the Authority.

As there was no further business, Ms. Ford asked for a motion to adjourn. Mr. Lovell made the motion and Ms. Devane seconded. All Members voted in the affirmative. The meeting was adjourned at 11:22am.

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF MINUTES OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY MEETING HELD ON APRIL 27, 2023.

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Cindy Kline, Assistant Secretary