

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

The following *Authority Members* were in attendance:

Via telephone: David Brown, Public Member (Chairing); Robin Ford, Designee of the Commissioner of Health; Greg Lovell, Designee of the Commissioner of Human Services; Manny Paulino, Designee of the Commissioner of Banking and Insurance; and Bridget Devane, Public Member

The following *Authority staff members* were in attendance:

Taryn Rommell, Cindy Kline, Edwin Fuentes, Ron Marmelstein, Nino McDonald, Bill McLaughlin; and via telephone, Frank Troy, Michael Solidum, Alpa Patel, and Tracey Cameron

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

Dorian Smith, Governor's Authorities Unit; and, via telephone, Stephanie Gibson, Attorney General's Office; Erica Holmes, Department of Health

CALL TO ORDER

Mr. Brown called the meeting to order at 10:05 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 25, 2023 Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, notice of this meeting was mailed to The Star-Ledger, the Courier Post, and provided to numerous other newspapers and media outlets serving New Jersey, early enough to publish an announcement at least 48 hours in advance of this meeting.

Mr. Brown reminded Members on the phone to identify themselves before making or seconding a motion.

1. APPROVAL OF MINUTES May 25, 2023 Authority Meeting

Minutes for the Authority's May 25, 2023 Meeting were distributed for review and approval prior to the meeting. Mr. Brown asked for a motion to approve the minutes. Ms. Ford made the motion. Mr. Paulino seconded. Mr. Brown asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Brown called for a vote. All Members voted in the affirmative and the minutes were approved.

2. AUTHORITY EXPENSES

Mr. Brown referenced a summary of Authority expenses and invoices provided to the Members. Ms. Ford made the motion to approve the expenses. Mr. Lovell seconded. Mr. Brown asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Brown 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. 2023-6-A

WHEREAS, the Members of the Authority have reviewed the memoranda dated June 14, 2023 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amount of \$2,000.00 and \$8,973.40, 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.

3. STAFF REPORTS

Mr. Brown thanked staff for the Project Development Summary and Cash Reconciliation Report.

Mr. Brown then asked Executive Director Frank Troy to present his Executive Director's report.

Mr. Troy reported the following:

1. On June 8th the New Jersey Civil Service Commission (CSC) approved a motion to extend the Model Telework Pilot Program for state employees for one year until June 30, 2024. As such, Authority personnel will continue the three days in the office and two days remote schedule.
2. New Jersey Hospital News
 - a) Valley Hospital posted its replacement hospital semi-annual project update on June 13th. The new Valley Hospital in Paramus will include seven stories of modern space and a 1,500 space parking garage. Formal owner acceptance is expected in September 2023. Even though the project will be completed, management anticipates the first patients in April 2024 when census has been historically lower than the winter months resulting in less disruption. The total budget for the project is \$869 million with \$356 million of funding provided by Authority bonds issued in 2019.
 - b) As reported last month, artificial intelligence, or AI, continues to make in-roads in health care. Hackensack Meridian Health's innovation accelerator, Bear's Den, invested in an AI company called Canary Speech. The company uses speech AI

technology to monitor “digital biomarkers” in the human voice to track the presence of diseases such as anxiety, depression and cognitive decline. Cooper University Health Care is using AI powered software to detect abdominal aortic aneurysms.

- c) Alan Lee has been named president of Robert Wood Johnson University Hospital in New Brunswick. Mr. Lee had been serving as chief operating officer of the hospital for the past two years.
- d) CarePoint CEO Achintya Moulick, M.D. publically apologized to the Murphy administration for disparaging comments included in CarePoint’s 2022 lawsuit filed against RWJ Barnabas Health accusing RWJ Barnabas Health of participating in “a years-long systemic effort” to destroy competition in northern New Jersey in an effort to monopolize the hospital and related health care services. Dr. Moulick stated CarePoint has since learned the statements “were baseless and without merit”.

3. Ratings Agency Actions and Publications

- a) S&P Global Ratings (S&P) affirmed Virtua Health’s AA- rating on approximately \$500 million of revenue bonds issued by the Authority. The outlook is Stable. Virtua is rated AA- with a Stable outlook by Fitch Ratings. AA- is considered high investment grade.
- b) Fitch Ratings affirmed Hackensack Meridian Health’s AA- rating on approximately \$873 million of revenue bonds issued by the Authority. The outlook remains Stable. Hackensack Meridian is also rated AA- with a Stable outlook by S&P.
- c) S&P affirmed Thomas Jefferson’s (Jefferson) A rating but revised the outlook to Negative from Stable suggesting a rating downgrade is possible in the next 12 to 18 months. Jefferson is the parent of the former Kennedy Health System and currently has no Authority debt outstanding. Jefferson grew dramatically under former CEO Steven Klasko, M.D., going from three hospitals to 18 and acquiring a health plan. Dr. Klasko retired at the end of 2021.

4. New Jersey Health Care News

- a) Gov. Phil Murphy announced the end of the current vaccination requirement for health care workers. It was the state’s last remaining COVID-19 mandate. The decision comes as the federal government also lifted its COVID-19 vaccine requirement for workers as transmission rates for the disease hit historic lows. However, individual employers may still require employees to be up to date on their vaccines.
- b) An article about Village Drive Healthcare Urban Renewal’s (Village Drive) struggles to make timely monthly debt service deposits appeared in the Bond Buyer on June 5th. Village Drive, a low-income assisted living facility in Millville, cited a late opening due to construction delays as well as supply-chain and labor disruption due to COVID

as reasons. Loans from Village Drive members and related parties have been used to fund bondholder principal and interest payments when due. The Authority issued \$23 million of bonds on behalf of Village Drive in 2018.

- c) A recent article in New Jersey Business magazine noted the State's hospitals are caring for sicker patients over the past three years. The article referenced a New Jersey Hospital Association data analysis suggesting delays in seeking care during the COVID-19 pandemic may be a factor.

5. National Health Care News

- a) The May 2023 Kaufman Hall National Hospital Flash Report noted inpatient and outpatient volumes decreased in April and labor costs rose during the month. Costs of goods and services continue to be well above pre-pandemic levels. Average length of stay increased supporting recent articles stating hospitals are treating sicker patients.
- b) Fitch Ratings issued its June Hospitals and Healthcare Systems Labor Dashboard noting wage growth was decelerating on a year over year basis but still remains high. Average hourly earnings growth slowed to 5.1% in April 2023, down from a high of 8.4% in June of 2022. Quit rates and job openings still remain high.
- c) The Office of Municipal Securities at the Securities and Exchange Commission (SEC) is encouraging municipal bond issuers to express their concerns about the implications of the Financial Data Transparency Act (the Act). The Act requires issuers to standardize financial disclosures in a machine-readable format similar to the eXtensible Business Reporting Language, or XBRL, currently in use by companies on the SEC's EDGAR dataport whose stock is publically traded. An example of XBRL disclosure, a Johnson & Johnson balance sheet, was included with this months' articles. Issuers are concerned about implementing XBRL due to the number of disparate organizations and activities funded by municipal bonds such as infrastructure, health care, housing, higher education, etc.
- d) Hospital groups are petitioning the Centers for Medicare and Medicaid Services (or CMS) to increase its proposed federal fiscal year 2024 +2.8% Inpatient Prospective Payment System adjustment. Calling it "woefully inadequate", the industry cited CMS' fiscal 2022's 2.7% market basket update which is now estimated at 5.7%.
- e) In other CMS-related news, the Center for Medicare and Medicaid Innovation, which was created by the Affordable Care Act to test new payment models, is exploring programs that would pay for addressing health equity and social determinants of health such as food, housing and transportation. Any such program would have to work around current legal requirements which limit CMS payments to essentially traditional health care providers.

- f) Also included with this month's articles is the latest in the Healthcare Financial Management Association's Healthcare 2030 series titled "Health vs Care"
- 6. Bond and Tax Legislation and Regulatory News
 - a) As largely expected, on June 14th the Federal Reserve, after raising the federal funds rate in 10 previous meetings, paused monetary tightening keeping the main interest rate within a 5% to 5.25% range. Fed chair William Powell emphasized that Fed officials are still determined to reduce inflation to the central bank's 2% target and signaled more rate hikes could occur later this year.
- 7. Other News
 - a) A recent article in Security Detectives noted the most used and the most hacked password in the U.S. is "password". The most common password in the world is 123456. It serves as a reminder that cybersecurity is everyone's concern.
- 8. Authority News
 - a) Controller Alpa Patel marked five years with the Authority on June 18th. Thank you, Alpa!

Mr. Brown thanked Mr. Troy for his report.

As there was no further business, Mr. Brown asked for a motion to adjourn. Mr. Lovell made the motion and Mr. Paulino seconded. All Members voted in the affirmative. The meeting was adjourned at 10:18 am.

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF MINUTES OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY MEETING HELD ON JUNE 22, 2023.

Cindy Kline, Assistant Secretary