

These are the Minutes of the New Jersey Health Care Facilities Financing Authority's regular meeting held on November 21, 2024, on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following ***Authority Members*** were in attendance:

On-site: Greg Lovell, Designee of the Commissioner of Human Services (Chair Pro-Tem).
Via Microsoft Teams: Catherine Byrne, Designee of the Commissioner of Health; Dawn Thomas, Designee of the Department of Banking and Insurance; and Public Members Sam Maddali and Bridget Devane

The following ***Authority staff members*** were in attendance:

On-Site: Frank Troy, Ron Marmelstein, Cindy Kline, Jeff Solimando, Edwin Fuentes, Taryn Rommell, and Alpa Patel. On the phone: Tracey Cameron.

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

On-site: Stephanie Gibson, Attorney General's Office and Sam Kovach-Orr, Governor's Authority Unit; Via Microsoft Teams: Carrie Camp, NJ Department of Health, Danny Seto, Rosemarie Fernicola and Judith Morgan, Willis, New Jersey; and Tamara Cunningham, RWJBarnabas Health.

CALL TO ORDER

Executive Director Frank Troy called the meeting to order at 10:03 a.m., by announcing that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 23, 2024, Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, a 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. Troy called on Jeff Solimando, the Authority's Communications Specialist, to call the roll and establish attendance.

After establishing a quorum, Mr. Troy recommended that a Chair Pro-Tem be named in the absence of the Chair and Vice Chair. Mr. Maddali nominated Mr. Lovell to serve as Chair Pro-Tem for the November 21, 2024, meeting and Ms. Devane seconded. Mr. Troy confirmed who made the motion and who seconded and asked if there were any questions, to which there were none. Mr. Troy then called for a vote. All Members voted in the affirmative and the motion carried.

Mr. Lovell began by reminding Members on the phone to identify themselves before making or seconding a motion.

1. APPROVAL OF MINUTES

- October 24, 2024 Authority Meeting

Minutes for the Authority's last regular meeting held on October 24, 2024, were distributed for the Members review and approval prior to today's meeting. Mr. Lovell reminded Members that only those in were attendance or who have familiarized themselves with the minutes should vote.

Mr. Lovell requested a motion to approve the October 24, 2024, Minutes. Ms. Devane made the motion and Ms. Byrne seconded. Mr. Lovell confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Lovell then called for a vote. All Members voted in the affirmative except for Ms. Thomas who abstained.

2. APPROVAL OF FAMILY PLANNING FACILITY FORGIVABLE LOAN APPLICATIONS

- Planned Parenthood Northern, Central & Southern New Jersey (PPNCSNJ) – Absecon, Camden, Delran, Elizabeth, Englewood, Flemington, Franklin Township, Hackensack, Morristown, Newtown, Perth Amboy, Shrewsbury & Washington

Mr. Lovell called on Taryn Rommell to present on behalf of the Loan Evaluation Committee the recommendation that one (1) organization be approved for loans for thirteen (13) facilities in the total amount of \$5,100,613.70.

Ms. Rommell began by reminding Authority Members that the State Fiscal Year 2025 Family Planning Facilities Upgrade Forgivable Loan Program (the "Program") was approved at the August 22, 2024, meeting. At that meeting, Authority Members also approved a form of application for the Program, a Memorandum of Agreement with the Department of Health (the "Department") to administer the Program, and a form of the Loan Agreement. The funds for the Program are coming from a Grant-in-Aid line item of \$10,000,000 to the Department and the Authority in the State Fiscal Year 2025 Appropriations Act (P.L. 2024, c. 22) for the purpose of providing funds for "Family Planning Facilities Upgrades."

Ms. Rommell stated that by the October 25, 2024, deadline, loan applications were received from four health care organizations relating to 18 facilities that provide family planning or reproductive health services. The total amount applied for was \$7,998,275.40. The Loan Evaluation Committee, consisting of two Authority employees and two subject matter experts from the Department, met on November 12th after independently reviewing and scoring each application.

Ms. Rommell informed Members that the Loan Evaluation Committee recommends that one organization be approved for loans for 13 facilities in the total amount of \$5,100,613.70, as further detailed below. Each application receiving the Loan Evaluation Committee's recommendation is being recommended in the full amount of the organization's request. The Loan Evaluation Committee decided not to recommend two applications submitted by Planned Parenthood North,

Central, & Southern NJ, one application submitted by FamCare Inc., one application submitted by Family Planning Center of Ocean County DBA LivWell, and one application submitted by Planned Parenthood of Metropolitan New Jersey as they are required to cure Evaluation Committee requests by December 6th to be considered at the December 19, 2024 Authority meeting.

Ms. Rommell requested that on behalf of the Loan Evaluation Committee, Authority Members approve the revised resolution provided via e-mail this morning, authorizing forgivable loans to, and the entering of loan agreement with, the following organization to upgrade their facilities or services at the locations identified below and in the amounts identified below:

- Planned Parenthood of Northern, Central, & Southern New Jersey – Absecon \$81,059.96, Camden \$750,000, Delran \$7,422.28, Elizabeth \$340,165.70, Englewood \$82,772.14, Flemington \$26,167.52, Franklin Twp. \$750,000, Hackensack \$750,000, Morristown \$750,000, Newton \$15,165.70, Perth Amboy \$750,000, Shrewsbury \$750,000, & Washington \$47,860.40 - Totaling \$5,100,613.70

Ms. Rommell concluded her presentation by saying that she or Mr. Troy would be happy to address any questions Members may have.

Mr. Lovell asked Ms. Rommell the length of the forgivable loan application process.

Ms. Rommell responded that the deadline was October 25, 2024 and another round of applications would be determined by the Governor’s Office at a later date.

Mr. Lovell asked if Members had any questions about the information presented, to which there were none.

Mr. Lovell asked for a motion to approve the resolution authorizing forgivable loans for upgrades at enumerated family planning facilities and approving entering into loan agreements with said facilities. Ms. Devane offered the motion. Mr. Maddali seconded. Mr. Lovell confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions. All Members voted in the affirmative, and the resolution was approved.

AB RESOLUTION NO. 2024-11-A

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby adopts the resolution entitled “**A RESOLUTION AUTHORIZING FORGIVABLE LOANS FOR UPGRADES AT ENUMERATED FAMILY PLANNING FACILITIES AND APPROVING ENTERING INTO LOAN AGREEMENTS WITH SAID FACILITIES.**”

(attached)

3. DIRECTORS AND OFFICERS LIABILITY INSURANCE RENEWAL

Mr. Lovell called on Authority Controller Alpa Patel to present an update on the Renewal of Directors and Officers Liability/Employment Practices Liability Coverage (“D&O/EPL”) 12/18/24 - 12/18/25.

Ms. Patel began by informing Members that representatives from Willis of New Jersey, the Authority’s insurance broker, were present via telephone.

Ms. Patel then advised members that our D&O/EPL policy protects 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 first made against the policy period and reported in writing to the insurer.

Ms. Patel stated 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 \$38,330 and \$12,380, respectively, plus a New Jersey surcharge of \$254. 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 \$16,550 and a New Jersey surcharge of \$250. The other excess policy is with RSUI at a premium of \$14,300 and a New Jersey surcharge of \$150.

Ms. Patel explained that Willis marketed to the following insurers on the Authority’s behalf: AIG, RSUI, and AXA-XL. RSUI and AXA-XL preferred to remain as the excess carrier. AIG will continue to provide \$5M in D&O coverage and \$5M in EPL coverage at premiums of \$34,700 and \$12,000, respectively, plus a New Jersey surcharge of \$140. The Authority’s deductible under these policies is \$150,000. The Authority will also have two excess D&O policies at \$5M each. The excess policy with AXA-XL will have a premium of \$15,175 and a New Jersey surcharge of \$250. The second excess policy with RSUI will have a premium of \$13,110 and a New Jersey surcharge of \$150.

Ms. Patel stated 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 \$150,000. The Authority staff also recommends keeping two \$5 million excess layers of D&O coverage from AXA-XL and RSUI for a total D&O coverage of \$15 million. This coverage would result in premiums totaling \$74,985 plus \$540 in surcharges, taxes, and fees, compared to the 2024 premium of \$81,560 plus \$654 in surcharges, taxes, and fees.

Ms. Patel concluded by stating that she would happily address any questions. There were no questions.

Mr. Lovell asked for a motion to approve the Directors and Officers Liability Insurance Renewal. Ms. Devane offered the motion and Mr. Maddali seconded. Mr. Lovell confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions. All Members voted in the affirmative, and the resolution was approved.

AB RESOLUTION NO. 2024-11-B

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.

4. FINANCE COMMITTEE REPORT - Proposed 2025 Authority Budget

Mr. Lovell called on Ms. Devane to present the Finance Committee's recommendation on the proposed 2025 Authority budget. Ms. Devane reported that the Committee met on November 14, 2024 to consider the budget.

According to Ms. Devane, the proposed 2025 cash budget includes an estimated income of \$4,593,887, which is 3.68% higher than the 2024 budget. Estimated expenses are budgeted at \$4,507,730, an increase of 5.21% over the 2024. Net income is expected to be \$86,157.

Ms. Devane then asked Mr. Troy to present a more detailed budget summary.

Mr. Troy reminded Members that they have the memo and detailed budget information from Alpa Patel and a PowerPoint presentation*, which he would like to go through for the Member's benefit.

Mr. Troy reviewed the information in detail and walked Members through all critical points noted in his presentation and asked Members if they had any questions.

**(attached)*

Mr. Lovell asked Mr. Troy if Members approve the budget today, would the 6.5% salary increase percentage still have flexibility when the board votes on this in December, and would Members have to vote on budget approval for a second time if the percentage goes higher?

Mr. Troy responded yes, and that any increase in the salary percentage would have to be considered by the Members.

Mr. Marmelstein offered clarification by stating that the 6.5% salary increase is being approved today, but should any merit-based employee increases show higher or lower the board will address them individually.

Ms. Devane thanked everyone for their hard work on the proposed 2025 budget asked if there were any other questions from the Members. There were none.

Mr. Maddali thanked the Authority staff for doing a fantastic job and for always being available to answer questions and offer any type of assistance needed.

Ms. Devane then made the motion to approve the proposed 2025 Authority budget based on the Finance Committee's November 14, 2024, unanimous vote to recommend approval.

Mr. Lovell stated that Ms. Devane has made the motion to adopt the resolution approving the Authority's 2025 Budget and Mr. Maddali seconded the motion. Mr. Lovell confirmed who seconded and then asked if there were any questions or comments on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. 2024-11-C

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby adopts the resolution approving the Authority's 2025 budget.

5. AUTHORITY EXPENDITURES

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

AB RESOLUTION NO. 2024-11-D

WHEREAS, the Members of the Authority have reviewed the memoranda dated November 13, 2024, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and the memorandum dated November 13, 2024, summarizing general operating expenses, in the amounts of \$19,425.00 and \$17,708.08, respectively, and have found such expenses to be appropriate;

NOW, THEREFORE, BE IT RESOLVED that the Members of the Authority hereby approve all expenses as submitted, and authorize the execution of checks representing the payment thereof.

6. STAFF REPORTS

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

Mr. Troy reported the following:

1. Ex-officio Members are reminded that Executive Order #41 (Codey 2005) requires annual ethics training. If you haven't already done so, please provide me with a copy of your receipt from your State Employee Training so that I may report it to the Governor's Authorities Unit. I would like to thank the Members and designees who have complied with the requirement. If you have any ethics-related questions, please reach out to the Authority's Ethics Liaison Officer, Robin Piotrowski, or me.

2. New Jersey Hospital News
 - a) Dr. Jawad Shah, the founder and president of Insight Health, who assumed the CEO position of CarePoint Health System ("CarePoint") replacing Dr. Achintya Moulick, abruptly resigned just weeks after being named to the post. Dr. Moulick, who remained with the organization as Chairman, was reinstated as CEO by the CarePoint Board. Insight also terminated its management agreement with CarePoint. Hudson Regional Hospital has stepped in as manager and has provided financing for the long rumored CarePoint bankruptcy filed in early November.
 - b) Hackensack Meridian Health has announced the retirement of CFO Bob Glenning after 18 years with the organization. He will be succeeded by Michael Allen who most recently served as CFO of OSF Healthcare System, a 16-hospital system based in Michigan and Illinois. We wish Mr. Glenning well in his retirement.
 - c) The fall 2024 Leapfrog Hospital Safety Grades have been released. With more than 80% of New Jersey hospitals receiving either an A or B mark, New Jersey ranked among the top nationwide. New Jersey had the fifth-highest percentage of A hospitals in the latest assessment. Thirty-one hospitals earned an A and none received lower than a C.
 - d) Newsweek's latest America's Best-in-State Hospitals included ten New Jersey facilities. In rank order they are: Morristown Medical Center, Hackensack University Medical Center, Englewood Hospital and Medical Center, Overlook Hospital, Robert Wood Johnson University Hospital, Cooper University Hospital, Saint Peter's University Hospital, Valley Health System, Monmouth Medical Center and Penn Medicine Princeton Medical Center.
 - e) RWJBarnabas Health was recently featured in New Jersey Business Magazine's Profiles in Success.
 - f) Jefferson Health ("Jefferson") is delaying pay increases to more than 42,000 employees as part of a performance improvement plan. The raises are pushed back six months

and will not be retroactive. Jefferson is the parent of the former Kennedy Health System and recently closed on a \$1 billion refunding deal.

3. New Jersey Health Care News

Open enrollment has begun in New Jersey. About 400,000 of the State's residents are insured by Get Covered NJ, the State's Affordable Care Act marketplace. Get Covered NJ rates will increase by an average of 6.2%. Employer-based plan costs are expected to rise 5.8% nationally according to consulting firm Mercer.

4. National Health Care News

- a) The September 2024 Kaufman Hall National Hospital Flash Report noted that operating expenses, except labor costs, remain high compared to 2021-2023. Contract labor rates and usage have decreased despite the tight labor market.
- b) New Hampshire Senator Maggie Hassan and Louisiana Senator Bill Cassidy issued a policy paper on lowering health care costs for seniors through site-neutral payment reform. Currently, the same procedure is often reimbursed by Medicare at different rates depending on whether it is performed in a hospital, an ambulatory surgery center or a physician's office. Reimbursement can be enhanced if the physician office is structured as a hospital outpatient department. Paying the same for a procedure regardless of the setting has been talked about for decades and has always met with opposition from the hospital industry.
- c) In response to criticism that not-for-profit hospitals are not providing enough charity care, the American Medical Association (the "AMA") is suggesting more oversight and standardization in charity care policies. Hospitals that fall short with respect to the amount of charity care and financial assistance should be penalized. The American Hospital Association rejected the accusations that hospitals are not providing enough assistance.
- d) An Urban Institute essay looked at the correlation between hospital market concentration and medical debt. The Institute found a correlation between reduced competition and a rise in medical debt.

6. Bond and Tax Legislation and Regulatory News

- a) The Federal Reserve lowered the benchmark federal funds rate by a quarter percentage point to a range of 4.50% to 4.75% citing a softening labor market and slowing of inflation.

- b) Municipal bond market participants and trade associations are outlining their concerns and goals for the incoming Trump administration and the new Congress. Preserving tax exemption is the most important priority.

7. Other News

None

8. Authority News

- a) I am very pleased and proud to report that the Authority exceeded its goal for the 2024 NJ Employees Charitable Campaign. Robin Piotrowski and Jeff Solimando served as co-chairs.
- b) Congratulations to Ex-Officio Member Justin Zimmerman on being sworn in as Commissioner of the Department of Banking and Insurance. Mr. Zimmerman had been serving as Acting Commissioner since June 2023.
- c) The next regular Authority meeting will be Thursday, December 19, 2024, at 10:00AM.

On behalf of everyone here at the Authority, have a safe and happy Thanksgiving Holiday.

7. ADJOURN

As there was no further business, Mr. Lovell asked for a motion to adjourn. Mr. Maddali made the motion and Ms. Devane seconded. Mr. Lovell confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments. Mr. Lovell then called for a vote. All Members voted in the affirmative and the meeting was adjourned at 10:43 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 21, 2024.

Cindy Kline, Assistant Secretary