

AUTHORITY NOTES

SPRING 2025

Ways and Means Committee Considers Eliminating Tax-Exempt Bond Status

Back to the Future



Observations from Executive Director Frank Troy:

The most memorable quotes tend to stick with you, leaving a profound impression long after they first reach our ears.

One quote that resonates with me is credited to philosopher Eric Hoffer, who said, "The search for happiness is one of the chief sources of unhappiness." Another is from the noted 21st-century philosopher Willie Nelson, who observed, "The early bird gets the worm, but the second mouse gets the cheese."

In the spring 2017 edition of *Authority Note\$*, former Executive Director Mark Hopkins incorporated a quote into his executive director's message, sharing the words of Supreme Court Justice Oliver Wendell Holmes, who wrote, "The longing for certainty... is in every human mind. But certainty is generally illusion."

At that time, there was much uncertainty, as the elimination of municipal bonds' tax-exempt status was under consideration as a "pay-for" for tax reform. Thanks to the advocacy efforts of our trade association, the National Association of Health

and Educational Facilities Finance Authorities (NAHEFFA), and many others in the public finance sector, tax exemption was successfully preserved. However, the Tax Cuts and Jobs Act (TCJA) eliminated the ability to advance refund municipal bonds.

Flash forward to 2025, and once again, we find ourselves amid uncertainty.



NJHCFFA Executive Director Frank Troy

Many of the tax-cutting provisions of the TCJA are due to expire on December 31, 2025, and the Administration is looking at several revenue-raising options to preserve them, alternatives that would, once again, drastically affect not-for-profit health care and public/municipal finance. Some of these options are more draconian than others.

At the Authority's January 2025 regular meeting, I informed Members of a surge in media coverage focusing on municipal

bonds, particularly private activity bonds.

The primary reason for this uptick in public interest was that the Congressional Budget Office and the House Ways and Means Committee floated a revenue-raising option to target these bonds by removing their exempt status.

The Bond Buyer stated in its January 17 edition that this initiative was "introduced in a 51-page list of targeted programs, policies, and plans for a reconciliation bill" obtained by the publication.

As we know, the Authority issues private activity bonds as a valuable financing option to help fund health care organizations throughout New Jersey. These bonds are a critical resource that the Authority incorporates into its various funding programs for hospitals, skilled nursing facilities, assisted living facilities, life plan communities, visiting nurse associations, hospices, and blood banks statewide. This is just one of many "pay-for" tax options that would undoubtedly affect our borrowers and ultimately impact the Authority. Also concerning is the possible elimination of hospitals' not-for-profit status based on the perception that these much-needed organizations enjoy the benefit of huge profits while not providing enough charity care to justify tax-exempt status.

According to the Congressional Budget Office (or CBO), non-profit hospitals and healthcare firms generate more than half of all income for 501(c)(3) not-for-profits.

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Inspira Medical Center Vineland Campus Expansion. Photo Credit: Inspira Health Network, Michael Ein

Recent Financings:

The Authority Closes on Inspira Bond Financing

On August 29, 2024, the Authority closed on the \$251,570,000 publicly issued tax-exempt Series 2024A bond financing on behalf of Inspira Medical Centers, Inc. The bonds were rated AA- by Fitch and A2 by Moody's.

The proceeds of this transaction are being used to finance and reimburse the borrower for the costs of planning, designing, developing, acquiring, constructing, equipping, expanding, furnishing, and renovating various capital projects.

These costs include the construction of a new 150,000-square-foot, five-story bed tower, an 18,000-square-foot maternal child health platform expansion, and a simulation laboratory at Inspira's Mullica Hill location.

Other projects include the completion of the Emergency Department expansion at its Vineland location; the installation of a CT/Ultrasound at its Bridgeton location; completion of the Satellite Emergency Department facility at its Woodbury location; the refunding of all of the Authority's outstanding Revenue Bonds, Inspira Health Obligated Group Issue, Series 2017B; and paying costs incurred in connection with the issuance and sale of the Series 2024A Bonds.

On August 15, 2024, Authority staff and J.P. Morgan Securities, LLC, as the senior managing underwriter, priced the Series 2024A bonds with the following priority of orders: New Jersey Individual Retail, Net Designated, and Member. The transaction consisted of fixed-rate serial bonds maturing from 2025 to 2042, a fixed-rate term bond maturing in 2049, and a bifurcated fixed-rate term bond maturing in 2054.

At the end of the order period, the underwriting team received orders totaling over \$992.5 million from 70 unique investors.

This oversubscription led to the underwriting team adjusting yields downward throughout the structure, decreasing all-in total interest cost from 4.571% to 4.512%.

J.P. Morgan Securities, LLC, offered to underwrite the bonds at the new levels, and Authority staff gave the verbal award. The Series 2024A serial bond yields range from 2.83% to 3.7%.

Yields for the fixed-rate term bond are as follows: for the 5.25% coupon term bond maturing on July 1, 2049, a yield to call of 4.05%; for the 4.125% coupon term bond maturing on July 1, 2054, a yield to call of 4.31%; and for the 5.25% coupon term bond maturing on July 1, 2054, a yield to call of 4.14%.

Observations from the Executive Director

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Thankfully, NAHEFFA and other public finance participants are vigorously advocating for maintaining the tax-exempt status of municipal bonds.

I recently had the pleasure of attending the NAHEFFA Spring Conference, where this subject received much-deserved attention. I also had the opportunity to visit Capital Hill and speak directly with members of the New Jersey Congressional Delegation and/or their staff.

I returned to New Jersey with a feeling of significant uncertainty, as we were repeatedly advised that "everything is on the table" concerning tax cut "pay-fors."

However, on a brighter note, I feel that the updates received since my return are positive and that the state's delegation recognizes the benefits tax-exempt financing brings to the health care organizations the Authority has served for more than a half-century, and to other deserving entities such as colleges, universities, airports, and museums.

Rest assured, I am confident that our continued combined efforts, hard work, and unwavering dedication will succeed once again.

While we wait to see what happens in Washington, it's "business as usual" for the Authority, which is ready to assist New Jersey's health care organizations by providing low-cost financing while continuing to support the advocacy efforts of our trade association, NAHEFFA.

I strongly encourage health care organizations statewide to contact me or a member of my experienced staff for assistance with any of their financing needs.

Check Out Our Website Update!



The 2025 New Jersey Municipal Guide is now available on our Authority's website.

This handy guide contains contact information for all N.J. municipalities.

Visit us online: [NJHCFFA.com](https://www.njhcffa.com)

NJ DOH Commissioner Baston Appointed University Hospital Interim CEO

State officials announced that New Jersey Health Commissioner Dr. Kaitlan Baston has been appointed Interim CEO of University Hospital in Newark, the state's only public hospital, effective May 3.

Dr. Baston has served as the New Jersey Department of Health Commissioner since 2023.

The New Jersey Globe reported that Governor Philip D. Murphy appointed Dr. Baston to replace outgoing hospital President and CEO Ed Jimenez, who has led the hospital since January 2022. The



Dr. Kaitlan
Baston

move will be temporary as University Hospital searches for a permanent CEO. Dr. Baston said she would not apply for the job.

"She has done a tremendous job leading the New Jersey Department of Health," said Governor Murphy. "I am confident that Dr. Baston will be an exceptional interim CEO of University Hospital."

Dr. Baston was the division head of Addiction Medicine and Medical Director of the Center for Healing at Cooper University Health Care before joining Governor Murphy's administration.

Jeff Brown Named Acting Commissioner of the NJ Department of Health

On April 23, 2025, New Jersey Governor Philip D. Murphy announced that the Deputy Commissioner for Health Systems at the New Jersey Department of Health, Jeff Brown, would move into the position of Acting Health Commissioner.

He succeeds Commissioner Kaitlan Baston, who announced that she would serve as the interim CEO of University Hospital. Mr. Brown stepped into his new role on April 28.

"Jeff Brown is a tested public servant who has



Jeff Brown

spent his career working to uplift New Jersey's health care infrastructure, and I am thrilled that he will serve as Acting Commissioner of the Department of Health," Governor Murphy stated.

The Governor added, "Through his advocacy and leadership, Jeff has played an important role in ensuring New Jerseyans have a trusted public health system and access to high-quality health care. I am confident that his experiences will serve him well at the helm of the Department of Health."

NJHCFFA STAFF NOTES

NATIONAL TAKE YOUR SONS AND DAUGHTERS TO WORK DAY



Authority staff members and family are enjoying the day

On April 24, 2025, Authority staff gave their sons and daughters a glimpse into their prospective futures by allowing them to experience their parents' working world.

Employees and their children celebrated "National Take Your Sons and Daughters to Work Day," a program designed to help youngsters learn what it's like to be part of



Employees of tomorrow take over the board room

our American workforce.

Through playing games and engaging in constructive activities, the children put goal-setting and critical thinking skills into practical application, qualities essential to their future success.

"I'm happy to encourage our employees and their children to participate in such a



Sr. HR Manager Robin Piotrowski joins in on the fun.

program that connects young people with the workplace," said Frank Troy, the Authority's executive director.

"'National Take Your Sons and Daughters to Work Day' is an exciting and fun opportunity to help shape the minds of those who will lead us in the professional world of tomorrow."

Authority Board: *Comings and Goings*



Mr. David G. Brown II

The New Jersey Health Care Facilities Financing Authority (the “Authority”) is saddened to announce the recent departure of Public Member David G. Brown II.

After being nominated by Governor Philip D. Murphy during the summer of 2020, David was confirmed to serve as a public member of the Authority on October 29 of that year.

Since then, David has offered his time and expertise on many subjects of special interest and benefit to the Authority. He has continuously demonstrated initiative and leadership while also serving as meeting chair.

As a public member, David provided guidance on matters affecting the Authority's general and specific operations and served his term with undaunted integrity.

At its January 25, 2025, regular meeting, Executive Director Frank Troy expressed the Authority's enormous gratitude and sincere appreciation to Mr. Brown by having a *Resolution of Appreciation* read as a tribute to David for his services and accomplishments, including his helping the Authority work through some of its most challenging times.

The Authority will miss David and his outstanding contributions. We wish him every success in his future endeavors.



Mr. Arthur Kapoor

On October 26, 2024, the New Jersey State Senate confirmed Arthur Kapoor as a public member of the New Jersey Health Care Facilities Financing Authority (the “Authority”).

Mr. Kapoor is an entrepreneur with 35 years of experience building financial, clinical, and operational platforms that solve perplexing challenges for diverse industries. He is also the founder of the software development company Infotech Global, Inc., and co-founder of HealthEC, a fully integrated population health management (PHM) platform where he serves on its board.

Mr. Kapoor is also the founder of the Ak-luyva Foundation, which helps orphaned Indian children receive food, clothing, education, and medical care. In 2011, the Sovereign Military Order of Malta knighted Kapoor for his charitable work worldwide.

Also active in academia, Kapoor is the co-executive vice chair of the Board of Directors of the New Jersey Institute of Technology (NJIT). He is an executive roundtable member of the Republican Governors Association, (NJGOP), and contributes to many gubernatorial, local, and federal campaigns.

Kapoor's term expires on April 30, 2028. The Authority welcomes Mr. Kapoor and looks forward to working with him.



RWJBarnabas Health

During the second quarter of 2024, the New Jersey Health Care Facilities Financing Authority (the “Authority”) issued publicly-sold Series 2024A tax-exempt bonds for \$370,330,000 on behalf of RWJBarnabas Health. The proceeds were earmarked to reimburse the independent healthcare provider network for costs associated with planning, developing, acquiring, constructing, equipping, expanding, furnishing, and renovating several capital projects.

As of February 28, 2025, several of these projects have come to fruition or are in various stages of completion. A brief description of a few key projects is below:

Central Utility Plant (New Brunswick, NJ): This major infrastructure project improves energy efficiency and reliability by providing the hospital with heating, cooling, and power. The facility's design promotes sustainability and operational resilience by utilizing modern energy systems that optimize performance while reducing environmental impact. These enhanced, uninterrupted utility services are critical to the safety of healthcare and research operations.

Cancer Institute of New Jersey, New Brunswick, NJ: Scheduled to open this month, this modern cancer treatment and research facility provides novel therapeutics and tailored patient care. The center combines innovative oncology treatments, clinical studies, and holistic support services in a healing-oriented environment. As part of a more extensive healthcare network, it is a focal point for collaboration among medical professionals, researchers, and patients, resulting in advances in cancer care.

Newark Beth Israel Master Plan (Newark, NJ): This strategic long-term development plan is designed to guide the future growth and modernization of Newark Beth Israel Medical Center. The plan outlines infrastructure improvements, facility expansions, and integration of advanced medical technologies to enhance patient care and operational efficiency. With a focus on sustainability, accessibility, and innovation, it ensures the hospital remains a leading provider for the community while

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Simplify

Your Health Care Financing

The New Jersey Health Care Facilities Financing Authority's (NJHCFFA) Capital Asset Program (CAP) is a "revolving pool" that makes loans to healthcare facilities wishing to finance or refinance major moveable equipment, renovations to existing plants, minor construction and additions, parking garages, and bridge financing.

The NJHCFFA's CAP was designed to take advantage of bonds issued before the 1986 tax law changes. Loans made under the CAP are continuously repaid, making fresh funds available for other borrowers.

Backed by an Aa rated letter of credit, the CAP has historically low rates. Loans through CAP are not subject to arbitrage rebate and can be repaid without penalty. As a result of using standardized documents, the entire loan process can be expedited in 45 to 90 days.



Benefits of NJHCFFA's Capital Asset Program (CAP) include:

- ✓ Quickly approved loan applications.
- ✓ No required arbitrage rebate.
- ✓ Straightforward, uncomplicated terms negotiated directly between the borrower and the credit enhancer.
- ✓ Available funds for certain "bad money" uses.
- ✓ Security provided through equipment liens or master indenture notes.
- ✓ Standardized documents to save time and reduce fees.

Take advantage of this unique loan program today with an issuance fee of only \$500!

For more information, contact:

Jessica Waite

Capital Asset Program Manager

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FIND US ON THE WEB: WWW.NJHCFFA.COM

The New Jersey Health Care Facilities Financing Authority. Serving New Jersey's Healthcare Industry Since 1972.

RWJBarnabas

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adapting to evolving medical needs.

OR Surgical Services Renovation Project (Livingston, NJ): This comprehensive renovation project focuses on upgrading and expanding the hospital's operating rooms and surgical services. It incorporates advanced surgical technology, improved workflow efficiencies, and enhanced patient safety measures to support complex procedures and minimally invasive techniques. By modernizing the surgical environment, the renovation improves the overall surgical experience for patients and medical staff and helps ensure that the highest standard of care is offered.

"The partnership between the New Jersey Health Care Facilities Financing Authority ("the Authority") and RWJBarnabas Health is a testament to our shared commitment to improving access to high-quality healthcare for all residents," said RWJBarnabas Health's Executive Vice President of Facilities Management and Real Estate Development, Steve Barry. "By funding innovative projects that build the resiliency of our campuses and enhance quality of care, we are not only expanding access to essential services but also improving the health and well-being of the communities we serve. Together, we are shaping a healthier and more equitable future for New Jersey."

The Authority's Executive Director, Frank Troy, added, "The Authority is proud to support RWJBarnabas Health's facility improvements with cost-efficient financing. We greatly respect the innovative RWJBarnabas team and are pleased these projects will benefit patients for years to come."



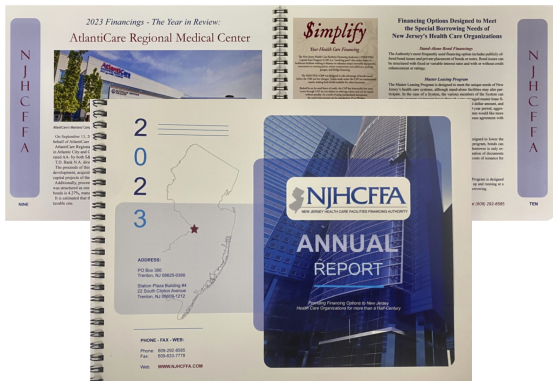
It's Just a Matter of Minutes!

Copies of the New Jersey Health Care Facilities Financing Authority's Meeting Minutes are archived on our website and are available for public viewing.

You can find them here:

<https://www.nj.gov/njhcffa/meeting/minutes/index.html>

Questions or Comments? Contact the Authority's Communications Specialist
Jeff Solimando at: JSolimando@njhcffa.com



The Authority's Annual Report is Available!

The New Jersey Health Care Facilities Financing Authority's (the "Authority") 2023 Annual Report is now available to the public.

Those interested may view or download our Annual Report on the Authority website here: https://www.nj.gov/njhcffa/pdf/2023_Annual_Report.pdf.

If you'd like to receive a hard copy of the report, please forward a written request via e-mail to the Authority's Communications and Government Relations Specialist, Jeff Solimando, at JSolimando@njhcffa.com.

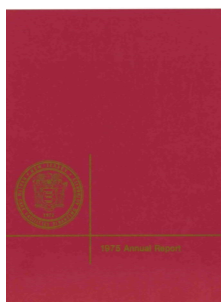
We look forward to building upon our previous achievements and future growth as we continue serving New Jersey Health Care Organizations throughout the remainder of this year and beyond.

Authority Reflections: 1975

According to its 1975 Annual Report, the New Jersey Health Care Facilities Financing Authority (the "Authority"), under the leadership of Executive Director James M. Ruth, Jr., began developing the capability to finance projects other than acute care hospitals.

As specified in a breakdown of the year's activities, the Authority's first private placement was arranged for Christian Health Care Center in Wyckoff, New Jersey, for \$1.8 million to construct a long-term care facility.

The Authority also marketed a \$3.6 million bond issue to refinance the renovation and modernization of Rari-



tan Valley Hospital of the Rutgers Medical School.

By the end of 1975, the Authority was concluding negotiations to finance a medical arts building for Mercer Medical Center, including clinical facilities for the Mercer Region Medical Plan, New Jersey's first fully operational health maintenance organization.

1975 also marked a noteworthy milestone achievement for the Authority, as it completed its repayment of the initial appropriation provided by the State Legislature, plus interest. The Authority became debt-free that year and began accumulating modest operating reserves.

NJHCFFA MEMBERS:

Ex-Officio Members

Jeff Brown

Acting Commissioner of the
Department of Health

Sarah Adelman

Commissioner of the
Department of Human Services

Justin Zimmerman

Commissioner of the
Department of Banking & Insurance

Public Members:

Thomas J. Sullivan, Jr.

Bridget Devane, MSW

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AUTHORITY NOTES

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