

These are the Minutes of the New Jersey Health Care Facilities Financing Authority's regular Meeting held on July 25, 2024, on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

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

Via Microsoft Teams: Noah Glyn, Designee of the Department of Health; Manny Paulino, Designee of the Commissioner of Banking and Insurance; Bridget Devane, Public Member; On-site: Greg Lovell, Designee of the Commissioner of Human Services (Chair pro-tem)

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

On-Site: Frank Troy, Cindy Kline, Ron Marmelstein, Jeff Solimando, Bill McLaughlin, Jose Lora, Taryn Rommell, and Alpa Patel, Via phone: Tracey Cameron

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

On-site: Stephanie Gibson, Attorney General's Office; Samuel Kovach-Orr, Governor's Authorities Unit; via Microsoft Teams: Carrie Camp, NJDOH; John Kelly, Wilentz, Goldman and Spitzer, and Tamara Cunningham, RWJBarnabas Health

CALL TO ORDER

Executive Director Frank Troy called the meeting to order at 10:08 a.m., and announced 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 then called on Jeff Solimando, the Authority's communications specialist, to call the roll and establish attendance.

After establishing quorum, Mr. Troy recommended that in the absence of the Chair and Vice Chair, that a Chair Pro-Tem be named. Mr. Paulino nominated Mr. Greg Lovell to serve as Chair Pro-Tem for the July 25, 2024 meeting and Ms. Devane seconded. Mr. Troy 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

- June 27, 2024 Authority Meeting

The Minutes for the Authority's last regular meeting held on June 27, 2024, were distributed for Member review and approval prior to today's meeting.

Mr. Lovell then asked for a motion to approve the June 27, 2024 Minutes. Mr. Glyn made the motion. 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 motion was approved.

2. TEFRA HEARING

- Inspira Medical Centers, Inc.

Mr. Lovell announced that the following portion of the meeting was a public hearing in connection with the proposed issuance of bonds on behalf of Inspira Medical Centers, Inc. Mr. Lovell stated that this hearing is taking place in accordance with the public notice and approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder, as modified by the Internal Revenue Service Revenue Procedure 2022-20, also known as a TEFRA hearing.

Mr. Lovell stated that since this is public hearing everyone is invited to participate in the discussion, and then called upon Bill McLaughlin to provide additional information.

Mr. McLaughlin informed Members that notice of the TEFRA hearing was posted on the Authority's website on July 16, 2024, at least seven days in advance of this hearing, in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended. A detailed description of the proposed project and financing was contained in the notice.

Mr. McLaughlin concluded by stating that as part of the public TEFRA meeting, the public is able to provide comments to the Authority via e-mail. As of the 9:00 a.m., July 24, 2024 deadline, no written comments have been received.

Mr. Lovell asked if any Members had any questions. There were none. He then asked if anyone from the public had any comments or questions. There were none.

Mr. Lovell then closed the public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended and the regulations promulgated thereunder, as modified by the Internal Revenue Service Revenue Procedure 2022-20.

3. 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 then asked for a motion to approve the bills and authorize payment. Mr. Paulino made the motion to approve the expenses. 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 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. 2024-7-A

WHEREAS, the Members of the Authority have reviewed the memoranda dated July 17, 2024, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and the memorandum dated July 17, 2024, summarizing general operating expenses, in the amounts of \$8,500.00 and \$19,022.00, 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.

4. STAFF REPORTS

Mr. Lovell thanked staff and then asked Executive Director Frank Troy to present his Executive Director's report.

Mr. Troy reported the following:

1. New Jersey Hospital News

- a) U.S. News & World Report issued its 2024-2025 Best Hospitals list. Hackensack University Medical Center was ranked at the top in New Jersey for the second year in a row. The facility's children's hospital was also the top in that category. Several articles were included this month regarding State hospitals included on the list.
- b) Valley Health System ("Valley") announced that Dr. Robert Brenner has been appointed the System's CEO. Dr. Brenner will replace Audrey Meyers who retired after a forty year career with Valley. Ms. Meyers will assume the role of CEO Emeritus. Bill McLaughlin, Edwin Fuentes and I recently toured the new Valley Hospital in Paramus, a very impressive facility to say the least.

- c) University Hospital's liver transplant program was number one in the country according to a recent Scientific Registry of Transplant Recipients report. The program's three year survival rate of 97.4% was 12% higher than the national number.
- d) The merger of Cooper University Health Care and Cape May Regional Health System is complete as of July 1, 2024. The merger was announced in December 2022, a definitive agreement was executed in April 2023, and the New Jersey Superior Court gave final approval in May of this year. The only remaining New Jersey merger currently in the approval process is the proposed Atlantic Health System and St. Peter's University Hospital transaction.
- e) Kirk Tice, CEO of Robert Wood Johnson University Hospital-Rahway, will retire after 46 years at the institution. This includes serving 30 years as CEO. A search is underway for his replacement.

2. Ratings Agency Actions and Publications

- a) Moody's Ratings ("Moody's") affirmed St. Joseph's Healthcare System's Baa3 rating, which is equivalent to the System's BBB- S&P Global rating. The outlook is Stable.
- b) S&P Global affirmed Hunterdon Medical Center's ("Hunterdon") A- rating. The outlook is Stable. Hunterdon is rated two notches higher, at A+, by Fitch Ratings but with a Negative outlook.

3. New Jersey Health Care News

Included in this month's articles was the NJ Biz 2024 People to Watch in Health Care.

4. National Health Care News

- a) One of the key takeaways in the latest Kaufman Hall National Hospital Flash Report was the gap between higher and lower performing organizations is widening.
- b) Ken Kaufman's latest blog is about U.S. antitrust enforcement in health care noting the following characteristics: antitrust enforcement does not prioritize financial stability and regulatory agencies focus on commercial insurance rates even though 65% of a typical hospital's patient volume is paid by Medicare or Medicaid. These rates are set by the government and are not negotiable.
- c) Much has been written lately about private equity in health care, almost universally negative. Despite all the attention, according to a PitchBook report, private equity-backed health care providers account for only 4% of the market based on revenue.
- d) CrowdStrike, a growing cybersecurity firm, unwittingly triggered a massive IT outage on July 19, 2024 when it issued what was supposed to be a routine software update. Some Microsoft users, including health care providers, experienced "blue screens of

death,” and could not re-boot devices. RWJBarnabas Health was affected and delayed some procedures “out of an abundance of caution”. This event comes on the heels of the Change Healthcare cyberattack which affected virtually all health care providers to some extent.

- e) Also included in this month’s articles is a report on health care price transparency put out by Indiana Senator Mike Braun, ranking member of the Special Committee on Aging.
- f) According to MoneyWatch, 45% of Americans in a Gallup and West Health poll said they have struggled to pay for medical treatment or prescription drugs. Even Americans with health insurance struggle due to the growth in high deductible plans. It is widely accepted that Americans spend more on health care per capita than any other nation. Americans average \$12,555 per capita annually versus \$6,651 for other developed nations according to Peterson-KFF Health Care Tracker.
- g) Health care costs are set to rise as much as 8% according to PWC’s Health Research Institute. Inflationary pressures, prescription drug spend and increasing utilization in behavioral health were cited as factors.

5. Bond and Tax Legislation and Regulatory News

The long-awaited new municipal bond market data standards to be issued by the Security and Exchange Commission and seven other federal agencies due out by June 28, 2024 have been delayed. The standards and related rules are required by the Federal Data Transparency Act of 2022. You may recall from prior reports that some form of XBRL, or extensible business related language is expected to be included.

6. Other News

The Bureau of Labor Statistics announced that the annual inflation rate for the New York-Newark-Jersey City region rose to 4.2% in June, outpacing the national rate of 3%. The rate for the Philadelphia-Camden-Wilmington region was 3.6%. The year-end rates impact the fees charged to the Authority’s borrowers.

7. Authority News

The Authority is planning to hold a special meeting Friday, August 2, 2024, at 10:00AM. Information and invites are forthcoming. The next regular Authority meeting will be Thursday, August 22, 2024, at 10:00AM.

Mr. Troy concluded by thanking Mr. Lovell for serving as Chair Pro-Tem.

5. ADJOURN

As there was no further business, Mr. Lovell asked for a motion to adjourn. Mr. Glyn made the motion and Mr. Paulino 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 10:21 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 JULY 25,
2024.

Cindy Kline, Assistant Secretary