

These are the Minutes of the New Jersey Health Care Facilities Financing Authority's regular meeting held on September 26, 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: Noah Glyn, Designee of the Commissioner of Health; Manny Paulino, Designee of the Commissioner of Banking and Insurance; Sam Maddali, Bridget Devane and Tom Sullivan (*joining at 10:10 a.m.*) Public Members.

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

On-Site: Frank Troy, Ron Marmelstein, Cindy Kline, Jeff Solimando, Bill McLaughlin, Edwin Fuentes, Taryn Rommell, Ankita Parikh 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 Samuel Kovach-Orr, Governor's Authorities Unit. Via Microsoft Teams: Carrie Camp, NJ Department of Health; Tamara Cunningham, RWJBarnabas Health.

CALL TO ORDER

Executive Director Frank Troy called the meeting to order at 10:02 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 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. Lovell to serve as Chair Pro-Tem for the September 26, 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

- August 22, 2024 Authority Meeting

Minutes for the Authority's last regular meeting held on August 22, 2024, were distributed for Member review and approval prior to today's meeting. Mr. Lovell reminded Members that only those in attendance or who have familiarized themselves with the minutes should vote.

Mr. Lovell requested a motion to approve the August 22, 2024, Minutes. 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, except Ms. Devane who abstained, and the motion was approved.

2. BOND SALE REPORT

- Inspira Health Series 2024A

Mr. Lovell called on Mr. Fuentes to present the bond sale report for Inspira Health Series 2024A.

Mr. Fuentes began by reminding Members that on August 15, 2024, Authority staff along with JP Morgan, as the senior managing underwriter, priced the \$251,570,000 publicly issued tax-exempt Series 2024A bond financing on behalf of Inspira Health. The bonds were rated AA- by Fitch and A2 by Moody's.

Mr. Fuentes stated that the proceeds would be used to finance and/or reimburse the Borrower for the costs of the planning, designing, developing, acquiring, constructing, equipping, expanding, furnishing and renovating of all or a portion of various capital projects of the Borrower, including but not limited to the construction of a new 150,000 square foot, five story bed tower at the Mullica Hill location, completion of the Emergency Department expansion at the Vineland location, the installation of a CT/Ultrasound at the Bridgeton Location, refunding, redeeming and/or legally defeasing all of the Authority's outstanding Revenue Bonds, Inspira Health Obligated Group Issue, Series 2017B (the "Series 2017B Bonds"), and paying all or a portion of the costs incurred in connection with the issuance and sale of the Series 2024A Bonds.

Mr. Fuentes further explained that the structure of the transaction consists of fixed-rate serial bonds maturing from 2025 to 2042, a fixed-rate term bond maturing in 2049, and a bi-furcated fixed-rate term bond maturing in 2054.

Mr. Fuentes advised Members that the order period began at 10:00 a.m., with the following priority of orders: New Jersey Individual Retail; Net Designated; and Member. At the conclusion of the order period, the underwriting team had received orders totaling over \$992.5 million from 70 unique investors. This oversubscription led to the underwriting team adjusting the yields downward throughout the structure, resulting in a decrease in the all-in total interest cost from 4.571% to 4.512%.

Mr. Fuentes stated that JP Morgan made an offer to underwrite the bonds at the new levels and Staff gave the verbal award. Yields on the Series 2024A serial bonds ranged 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%.

Mr. Fuentes concluded his report by stating that this transaction closed on August 29, 2024.

Mr. Lovell thanked Mr. Fuentes for his presentation and asked if Members had any questions on the information presented, to which there were none. He then reminded the Members that this report was for information only and that no action was required at this time.

3. APPROVAL OF SECOND ONE-YEAR EXTENSION OF FINANCIAL PRINTING CONTRACT

Mr. Lovell called on Ankita Parikh to present the request for approval of the second one-year extension of the financial printing contract with McElwee & Quinn. (Mr. Sullivan joined the meeting at the beginning of Ankita's presentation.)

Ms. Parikh advised Members that the three-year contract for printing Preliminary and Final Official Statements and other related documents for Authority revenue bonds expired on December 6, 2023.

Ms. Parikh then reminded Members that the contract allows for two additional one-year extensions with all original terms remaining in effect for the extension period. The Members had approved the first of the two one-year extensions at the meeting held on September 28, 2023.

Ms. Parikh stated that the staff has been pleased with the quality and timeliness of McElwee & Quinn's work and, therefore, is asking for the Member's consideration in extending the agreement for the second and final one-year extension for the period December 7, 2024, through December 6, 2025.

Ms. Parikh concluded her presentation by stating that she or Ron Marmelstein would answer any questions, to which there were none.

Mr. Lovell asked for a motion to approve the resolution granting the second one-year extension to the Financial Printing contract. Mr. Glyn 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. 2024-9-A

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution authorizing the second one-year extension of the financial printing contract with McElwee & Quinn, LLC commencing December 7, 2024 through December 6, 2025, as permitted by contract.

4. APPROVAL OF SECOND ONE-YEAR EXTENSION OF DOCUMENT IMAGING CONTRACT

Mr. Lovell called on Alpa Patel to explain the request for approval of the second and final one-year extension of the document imaging contract with Alternative Micrographics.

Ms. Patel began by explaining that the archiving contract to store the Authority's trustee bank statements and construction requisitions on CD will expire on October 8, 2024. The contract allows for two additional one-year extensions, with all original terms remaining in effect for the extension period. The original contract was awarded to Alternative Micrographics after an RFP process in July 2020.

Ms. Patel then reminded Members they had approved the first of the two one-year extensions at the meeting held on September 28, 2023. She then stated that the staff has been pleased with the quality and timeliness of Alternative Micrographics work and is asking for the Member's consideration in extending the agreement for the second one-year extension for the period October 9, 2024, through October 8, 2025.

Ms. Patel concluded by stating that she or Cindy Kline would answer any questions from the Members, to which there were none.

Mr. Lovell asked for a motion to approve the resolution granting the second and final one-year extension to the Document Imaging Services contract. Mr. Glyn offered the motion. 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 resolution was approved.

AB RESOLUTION NO. 2024-9-B

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution authorizing the second and final one-year extension of the document imaging services contract with Alternative Micrographics, Inc. commencing October 9, 2024 through October 8, 2025, as permitted by contract.

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. Mr. Sullivan 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. 2024-9-C

WHEREAS, the Members of the Authority have reviewed the memoranda dated September 18, 2024, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and the memorandum dated September 18, 2024, summarizing general operating expenses, in the amounts of \$17,000.00 and \$935.16, 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 first thanked Mr. Lovell for serving as Chair Pro-Tem and then reported the following:

1. Authority Members and senior staff should note the September 2024 issue of The Compass from the State Ethics Commission recently forwarded by the Authority's Ethics Liaison Officer, Robin Piotrowski. Filers of the annual Financial Disclosure Statement will soon be able to complete the form on the web-based SimpliGov system. If you ever have any ethics-related questions, please reach out to Robin or me.
2. New Jersey Hospital News
 - a) According to recent articles, CarePoint Health Systems ("CarePoint") has started talks on financial restructuring options. An anonymous source reported CarePoint's board approved a resolution to start a process exploring a reorganization which could ultimately lead to filing for bankruptcy. Employees received notices under the Worker

Adjustment and Retraining Notification (WARN) Act alerting employees to potential layoffs.

- b) Several New Jersey health systems were listed on Forbes' America's Best-in-State Employers 2024 including Atlantic Health System at #19, Inspira Health System at #26, Cooperman Barnabas Medical Center at #41, Virtua at #45 and Cooper University Health Care at #50.
- c) Cooper University Health Care ("Cooper") announced the launch of Project Imagine, a \$3 billion expansion in Camden. Cooper is expected to break ground on a new tower this month.
- d) Les Hirsch, Saint Peter's Healthcare System CEO and president has been elected to the American Hospital Association's board of trustees.
- e) Jim Andrews has been named CEO and president of Deborah Heart and Lung Center, replacing Joseph Chirichella who will assume the role of president emeritus. Mr. Andrews was most recently senior vice president for the heart and vascular and neuroscience service lines at RWJBarnabas Health.
- f) The Trentonian recently published the latest Centers for Medicare and Medicaid Services ("CMS") star ratings for New Jersey hospitals. Four received five stars, the highest rating: Hackensack University Medical Center, Hunterdon Medical Center, Morristown Medical Center and St. Luke's Warren Hospital.
- g) St. Luke's University Health Network ("St. Luke's") and Grand View Health in Sellersville, PA are in talks to become partners. Grand View signed a nonbinding letter of intent to evaluate the potential of it joining the St. Luke's system, parent of St. Luke's Warren Hospital.

3. Ratings Agency Actions and Publications

- a) Included in this month's articles is The Healthcare Financial Management Association's (HFMA) summary of the latest not-for-profit hospital medians released by the two major rating agencies, Fitch Ratings ("Fitch") and S&P Global ("S&P"). Both reported slowly improving operating margins just above break-even and neither expect a robust recovery to pre-pandemic levels in the near future.
- b) S&P prepared a rather comprehensive commentary on the impact of the growth of Medicare Advantage ("MA") plans on health care credits. As MA plans are offered by private insurers, hospitals and other providers will likely see the same preauthorization, denial and out-of-network issues experienced with existing commercial plans.
- c) Fitch affirmed Valley Hospital's A+ rating and revised the outlook to Positive from Stable. Fitch cited the successful transition to the new hospital in Paramus and volume exceeding budget.

4. New Jersey Health Care News

- a) A recent NorthJersey.com article highlighted the benefits of "hospital at home" programs to patients as well as providers. At one time, Medicare was the only insurer

to cover care at home but New Jersey's Hospital at Home Act requires coverage by private insurers and the Medicaid program. Holy Name Medical Center, Cooper University Hospital, Virtua Health, Hackensack Meridian's JFK University Medical Center, Hackensack University Medical Center, Jersey Shore University Medical Center, Jefferson Health, CareWell Health and Inspira Health have been approved for hospital at home care.

- b) According to research from the University of North Carolina at Chapel Hill and the Census Bureau, New Jersey has one hospital for every 100,000 people, tied for second least among the states. Maryland had the least at 0.9, South Dakota had the most at 6.6.
- c) The U.S. Census Bureau reported that the number of Americans without health insurance remained stable in 2023 despite the mandatory Medicaid redetermination process.
- d) A federal judge in Florida is weighing the constitutionality of private parties bringing suits on behalf of the government. These qui tam or "whistleblower" suits are filed under the Civil War-era False Claims Act and are seen as an important tool in health care fraud enforcement as well as a significant source of revenue for the government and the qui tam relators.

5. National Health Care News

- a) The July 2024 Kaufman Hall National Hospital Flash Report noted improved operating margins year-to-date July 2024 on a year-over-year basis.
- b) A newly published final rule seeks to further implement provisions of the 2008 Mental Health parity and Addiction Equity Act by prohibiting health plans from restricting access to behavioral health services as compared with medical and surgical benefits. Providers support the rule, however, the insurance lobby and employer groups oppose it.
- c) An Axios report found Americans are struggling with health care "shrinkflation", experiencing longer wait times and shorter doctor visits despite paying more for health coverage. The report cited nearly one in five people in a recent survey waited more than two months to see a physician. The report concluded the problem will likely get worse as demand for services is growing and the number of physicians is not keeping pace.
- d) A Mercer LLC report projects the future of the U.S. health care labor market by 2028. While the expected national gap between demand and the number of workers is not significant, Mercer found significant variation between the states. New Jersey was one of the states seen as having an acute labor supply shortage.

6. Bond and Tax Legislation and Regulatory News

In 2022 and 2023 the Members approved several amendments to bond documents necessitated by the phase out of the London Interbank Offered Rate (or "LIBOR"), a

widely-used index rate. By far, most borrowers, including the Authority's, converted to the Secured Overnight Financing Rate (or "SOFR"), administered by the Federal Reserve Bank of New York. Others, including two Authority borrowers, converted to the Bloomberg Short-Term Bank Yield Index (or "BSBY"). Bloomberg has made the business decision to discontinue the index in November 2024. As such, the Members will likely consider additional amendments in the near future.

7. Other News

On September 18, 2024, the Federal Reserve announced a long-awaited interest rate cut lowering its benchmark rate 50 basis points bringing the federal funds rate to a range of 4.75% to 5.00%. Slowing inflation and a slowdown in hiring prompted the Fed to move.

8. Authority News

The next regular Authority meeting will be Thursday, October 24, 2024 at 10:00AM.

7. ADJOURN

As there was no further business, Mr. Lovell asked for a motion to adjourn. Mr. Sullivan made 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 or comments. Mr. Lovell then called for a vote. All Members voted in the affirmative and the meeting was adjourned at 10:23 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 SEPTEMBER 26, 2024.

Cindy Kline, Assistant Secretary