

Minutes of the New Jersey Health Care Facilities Financing Authority regular Meeting held on February 22, 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: David Brown, Public Member (Chairing); Greg Lovell, Designee of the Commissioner of Human Services; Tom Sullivan, Public Member; Noah Glyn , Designee of the Commissioner of Health; and Bridget Devane, Public Member, was on-site.

The following *Authority staff members* were in attendance:

Frank Troy, Ron Marmelstein, Cindy Klein, Bill McLaughlin, Edwin Fuentes, Jeff Solimando, Alpa Patel, Jose Lora, Jessica Waite, and Kia Inman; via Microsoft Teams: Taryn Rommell and via telephone: Tracey Cameron.

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

Stephanie Gibson, Attorney General's Office; Samuel Kovach-Orr, Governor's Authorities Unit (on-site); and via Microsoft Teams: Carrie Camp, NJDOH; Ryan Kennedy, Holy Name Medical Center; Rob Bahara, Managing Director, Echo Financial Products; John Kelly, Wilentz, Goldman & Spitzer, P.A.; and Herbert White, CFO, Hunterdon Medical Center.

CALL TO ORDER

Mr. Brown called the meeting to order at 10:07 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 January 25, 2024 Authority Meeting

Minutes for the Authority's January 25, 2024 Meeting were distributed for review and approval prior to the meeting. Mr. Brown reminded Members that only those who attended the meeting or have familiarized themselves with the minutes should vote. Mr. Brown asked for a motion to approve the minutes. Mr. Sullivan made the motion. Mr. Lovell 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 motion passed.

2. TEFRA HEARINGS

NEGOTIATED SALE, INFORMATIONAL PRESENTATION AND TEFRA HEARING FOR HOLY NAME MEDICAL CENTER

Mr. Brown announced that the following portion of this Authority meeting would entail public hearings in connection with the Holy Name Medical Center and Paragon Senior Living LLC transactions and the tax rate conversion of the Series 2020B Bonds for Hunterdon Medical Center.

Mr. Brown advised that these hearings are 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.

Mr. Brown encouraged all present to participate in any discussion(s) and then asked Edwin Fuentes to begin his presentation regarding the details of the Holy Name Medical Center transaction.

Mr. Fuentes thanked Mr. Brown and then began by introducing Ryan Kennedy, Executive Vice President and Chief Financial Officer of Holy Name Medical Center, attending remotely via Teams.

Mr. Fuentes reported that Holy Name has signed a Memorandum of Understanding with this Authority to undertake a tax-exempt financing of approximately \$55 million, the proceeds of which will be used to reimburse the Borrower for the costs of planning, development, acquisition, construction, equipping, expansion, furnishing, and renovation of various capital projects, at locations including the Villa Marie Clare facility in Saddle River, and the main campus in Teaneck; finance the costs associated with Phase 1 of the main campus expansion, including a new outpatient parking garage and new daycare facility; fund capitalized interest on the Series 2024A Bonds, and pay the related costs of issuance.

According to Mr. Fuentes, Holy Name is a not for profit medical center located in Teaneck, New Jersey. It provides a full range of comprehensive services primarily to residents of northeast New Jersey. Holy Name has 361 licensed beds and employs approximately 3,500 people between its medical center, subsidiaries, and physician network.

Mr. Fuentes said the outstanding Authority-issued obligations of Holy Name include the Series 2020 Refunding Bonds and the Series 2021 Refunding Bonds. As of December 31, 2023, the total outstanding Authority debt issued on behalf of Holy Name was approximately \$46,907,000. Although Holy Name currently has no outstanding public debt, their most recent long-term debt credit ratings were BBB and Baa2 by S&P Global Ratings (“S&P”) and Moody’s Investor Service, respectively.

Mr. Fuentes further explained that unaudited financial statements from September 30, 2023, indicate that Holy Name had total operating revenues of \$401.774 million compared to total operating revenues of \$381.304 million for the same period in 2022, resulting in an increase of about \$20.47 million. Income from operations was \$55.048 million, compared to \$44.323 million for the same period.

Based on audited financial numbers for year-end 2022, Holy Name Medical Center maintained 76.97 days cash on hand (somewhat below the state wide median of 99.25), an operating margin of 12.26 (well above the state wide median of 2.16), and debt service coverage of 10.12 times (which is well above the statewide median of 2.01).

Mr. Fuentes stated that Holy Name has represented to Authority staff that it has completed a competitive bid process and has selected TD Bank N.A. as the Purchaser for the bonds. The Attorney General's Office has assigned John Kelly of Wilentz, Goldman & Spitzer, P.A. to serve as Bond Counsel on this transaction.

Mr. Fuentes further explained that Holy Name has asked that the Authority permit the use of a negotiated sale based on the sale of a complex financing structure, a complex or poor credit, using programs or techniques new to investors, and volatile market conditions. These reasons are considered under the Authority's policy regarding Executive Order #26 (GOV & YEAR) to be a justification for the use of a negotiated sale.

Mr. Fuentes added that also, under the Authority's policies, a Borrower requesting a private placement form of a negotiated sale must justify the use of a private placement by showing it is either less expensive on a present value basis to complete a private placement or that there are other circumstances that would limit the effectiveness or usefulness of a negotiated sale using a public offering. Holy Name has represented to staff that a private placement offers a more cost-effective option rather than a public sale by receiving advantageous pricing and financing terms and allows for an accelerated timeline for closing.

Mr. Fuentes said for the reasons above, he would recommend both the consideration of the resolution, included in today's meeting materials, approving the use of a negotiated sale in the form of a private placement and forwarding a copy of the justification in support of the said resolution to the State Treasurer.

Mr. Fuentes advised that as part of the public TEFRA meeting, members of the public were allowed to provide comments to the Authority via email. As of yesterday's deadline of 9 a.m., the Authority did not receive any written comments.

Mr. Fuentes concluded that, in accordance with Authority policy, management was required to submit financial projections. The projections covering the years 2024 and 2025, one year past the use of proceeds, were included in your meeting materials. Taryn Rommell, Director of Research, Investor Relations and Compliance, will give a review of the projections.

After Ms. Rommell's presentation, should the Members have any questions, either Mr. Kennedy, Ms. Rommell, or Mr. Fuentes would be happy to address them.

Ms. Rommell thanked Mr. Fuentes for the introduction, and wished everyone a good morning. Ms. Rommell began her portion of the presentation by stating Authority staff reviewed the financial projections and related assumptions prepared in connection with Holy Name's proposed transaction. Staff found the projections very comprehensive and management's underlying assumptions to be reasonable.

Ms. Rommell advised that Holy Name's operating margins of approximately 15% in 2024 and 2025 are well above the Q3 2023 Apollo system median of 1.6% and well above S&P's 2022 U.S. median for similarly rated stand-alone hospitals of -1.1%. EBITDA margin (Earnings Before Interest, Taxes, Depreciation and Amortization) would be 19% in 2024 and 2025, well above the 2022 S&P's U.S. median for BBB hospitals of 5.2%. Holy Name would have approximately 93 days of cash on hand in 2024 and 99 days cash on hand in 2025.

Ms. Rommell summarized by stating staff's analysis suggests Holy Name Hospital would have adequate profitability to generate sufficient funds to meet its debt service requirements during the forecast period. Holy Name's management or I would be pleased to answer any questions you may have.

Mr. Brown asked Members if they had any questions on the information presented.

Mr. Sullivan responded by asking for the project's start date.

Ryan Kennedy from Holy Name responded to Mr. Sullivan's question by stating that the new construction projects are slated to begin within the next three to six months.

Mr. Sullivan then asked Mr. Kennedy if the projects finance by the bonds will be done at the prevailing wage rate as required and discussion ensued regarding same.

Mr. Kennedy responded to Mr. Sullivan in the affirmative and added that the standard authority rider is included in all management contracts associated with the project.

Mr. Sullivan then asked Mr. Kennedy if Holy Name selected a construction manager and if so who would that be?

Mr. Kennedy responded to Mr. Sullivan that Phelps was chosen for the daycare facility, and a joint venture between Creamer and Sanzari for the parking facility.

Mr. Sullivan then thanked Mr. Kennedy for answering his questions.

Mr. Brown thanked both Mr. Sullivan and Mr. Kennedy and asked if there were any further questions from Members or the public. There were no additional questions.

Mr. Brown then asked for a motion to adopt a resolution to approve a negotiated sale in the form of a private placement for Holy Name Medical Center. Mr. Sullivan made the motion. Mr. Lovell seconded. Mr. Brown asked if there were any further questions, to which there were none.

All Members voted in the affirmative. The motion was approved.

AB RESOLUTION NO. 2024-2-A

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled, **“RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY NEGOTIATED SALE IN THE FORM OF A PRIVATE PLACEMENT PURSUANT TO EXECUTIVE ORDER NO. 26.”**

3. INFORMATIONAL PRESENTATION AND TEFRA HEARING FOR PARAGON SENIOR LIVING, LLC.

Mr. Brown asked Edwin Fuentes for his informational presentation on the proposed financing of Paragon Senior Living, LLC, but also reminded everyone once again that this forum is a public hearing and invited everyone to participate in any discussion(s).

Mr. Fuentes thanked Mr. Brown and advised Members once again that this presentation will serve as informational.

Mr. Fuentes stated that Paragon Senior Living, LLC (“Paragon” or the “Borrower”) is a limited liability company organized under the laws of the State of New Jersey. The LLC was formed in November 2014 for the purposes of acquiring a 145 unit independent and assisted living rental housing facility. The members of the LLC are KDG Paragon, LLC, a New Jersey limited liability company, and Hoyt Paragon, LLC, a New York limited liability company. The parent company of KDG Paragon, LLC is Kaplan Development Group, LLC, who is 75% majority owner of Paragon Senior Living LLC, with extensive experience in developing, constructing, and operating independent and assisted living communities.

Mr. Fuentes said that in 2015, Paragon acquired the senior living facility known as Bentley Commons at Paragon Village in Morris County, NJ. It was acquired as a distressed property from the New Jersey Housing and Mortgage Finance Agency (the “NJHMFA”) through the issuance of three (3) series of NJHMFA bonds and one (1) series of corporate taxable bonds. As of today, approximately \$17.2 million remains outstanding.

Mr. Fuentes told Members the facility serves middle-income residents through a rental-only model with no entrance fees. It includes: 1) a 70 unit independent living three-story building of approximately 70,000 square feet, 2) 75 assisted living units in a three-story building of approximately 68,000 square feet, and 3) a vacant building of approximately 7,500 square feet that is planned for demolition as part of the construction of a 18 unit (32 bed), 20,000 square foot expansion to be exclusively dedicated to residents with dementia and other cognitive impairments.

Mr. Fuentes went on to explain that Paragon has signed a Memorandum of Understanding with this Authority to undertake a financing of three series of bonds: the 2024A and 2024C series as tax-exempt bonds and the 2024B series as federally taxable. The bonds are expected to be issued in an aggregate principal amount not to exceed \$39 million. The proceeds of the Series 2024A and

2024B bonds will be used for, but not limited to, refunding of (i) the NJHMFA tax-exempt bonds designated as the Tax-Exempt Multifamily Conduit Revenue Bonds (Paragon Village Senior Living Campus Project) Series 2015Q-1, (ii) the NJHMFA taxable revenue bonds designated as the Taxable Multifamily Conduit Revenue Bonds (Paragon Village Senior Living Campus Project) Series 2015Q-2, (iii) the NJHMFA tax-exempt subordinate revenue bonds designated as the Tax-Exempt Subordinate Multifamily Conduit Revenue Bonds (Paragon Village Senior Living Campus Project) Series 2015Q-3, and (iv) the Taxable Mortgage Bonds (Paragon Village Senior Living Campus Project), Series 2015 issued by the Borrower (collectively, the “2015 Bonds”), the proceeds of which were originally used to acquire the facility, fund reserve accounts, capitalized interest, and pay costs of issuance of the 2015 Bonds. The Series 2024A and B series will also fund reserve accounts and pay costs of issuance. The proceeds of the Series 2024C bonds will be used for, but not limited to (a) the financing of construction and equipping of a building located on the Campus constituting an approximately 32-bed facility to be used to expand the Borrower’s memory care and assisted living services; (b) funding of reserve funds; (c) funding of capitalized interest; and (d) payment of costs of issuance.

Mr. Fuentes added that tax-exempt financing is available for this transaction as a result of Paragon’s agreement to qualify its facility as a residential rental project under Section 142(d) of the Internal Revenue Service Code requiring that a certain number of its units be rented to low and moderate-income individuals or families, and the allocation of a portion of the state’s volume cap.

Mr. Fuentes reminded Members that the Attorney General’s Office has assigned McManimon, Scotland & Baumann, LLC to serve as Bond Counsel for this transaction. Further, Paragon has conducted a competitive process and selected Odeon Capital Group as their underwriter for the Series 2024 Bonds.

Mr. Fuentes suggested Members may recall this Authority approving a contingent sale of bonds on behalf of Paragon at our November 2022 meeting. However, the financing was put on hold due to the Borrower’s desire to keep its PILOT program (payment in lieu of taxes) in place, which otherwise would terminate upon retirement of the NJHMFA bonds. The Borrower no longer requires the PILOT program to remain in place in order to operate the facility. It is expected that the Borrower will be seeking a contingent sale of bonds at an upcoming Authority meeting.

Mr. Fuentes concluded by stating that as part of the public TEFRA meeting, members of the public were allowed to provide comments to the Authority via email. As of yesterday’s deadline of 9 am, the Authority did not receive any written comments.

Mr. Fuentes thanked the Members and reminded them that he would be happy to address any questions.

Mr. Brown asked Members and the public if they had any questions. There were no questions. Mr. Brown thanked everyone and reminded attendees that Mr. Fuentes presentation was for information only and that no action would be taken at this time.

4. TEFRA HEARING FOR HUNTERDON MEDICAL CENTER SERIES 2020B BONDS

Mr. Brown called on Edwin Fuentes to bring everyone current on the tax rate conversion of the Series 2020B Bonds for Hunterdon Medical Center. Mr. Brown reminded attendees once again that this is a public hearing and welcomes everyone to participate in any discussion(s).

Mr. Fuentes thanked Mr. Brown and began by introducing Herbert White, Chief Financial Officer from Hunterdon Medical Center, and John Kelly from Wilentz, Goldman and Spitzer, bond counsel for the Series 2020B transaction who attended remotely.

Mr. Fuentes started by stating Hunterdon Medical Center is a not-for-profit, 178-bed teaching hospital located in Flemington Township, New Jersey. The Medical Center provides healthcare and hospital services, medical research, and training for physicians and other health care professionals in Hunterdon County and surrounding areas. Hunterdon Medical Center is an affiliated member of Hunterdon Healthcare System, Inc. Hunterdon currently has two series of bonds outstanding with this Authority: the Series 2020A and Series 2020B bonds, with an outstanding aggregate principal balance as of December 31, 2023, of \$76,737,000. The Medical Center currently maintains a rating of A- with S&P Global Ratings, and A+ with Fitch Ratings.

Mr. Fuentes reminded everyone that at this Authority's November 2020 meeting, the members approved the contingent sale of the Hunterdon Medical Center Obligated Group Issue, Series 2020B bonds. The funds were lent to the Borrower to refund, redeem, and legally defease all of the outstanding Hunterdon Medical Center Series 2014A Bonds and to pay costs of issuance. The transaction closed on December 23, 2020, with the Series 2020B Bonds being directly purchased by TD Bank, N.A. The Series 2020B Bonds currently have an outstanding balance of \$33,127,000.

Mr. Fuentes said the Series 2020B Bonds were initially issued as federally taxable, with the ability to convert to a tax-exempt interest rate mode at a later date (commonly known as "Cinderella Bonds"). In accordance with the provisions set forth in the Series 2020B Trust Agreement, the Borrower now seeks to convert their Series 2020B Bonds to a direct purchase interest rate, the interest on which is excludable from the gross income of the holders thereof for federal income tax purposes.

Mr. Fuentes added that the converted Series 2020B Bonds are considered a current refunding of the Taxable Series 2020B Bonds for federal income tax purposes.

Mr. Fuentes advised that no board action is required from the members of the Authority. However, in order for the conversion to take place, a TEFRA hearing must be held by the Authority in order to allow interested parties to express their views in connection with the conversion. Notice of the TEFRA hearing was posted on the Authority's website on February 14, at least seven days in advance of the hearing, in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended. As of yesterday morning, no public comments have been received via letter or email.

Mr. Fuentes concluded by stating that he, Mr. White or Mr. Kelly are available to address any questions.

Mr. Brown thanked Mr. Fuentes for his presentation and asked both Members and the public if they had any questions. There were none. Mr. Brown reminded everyone one final time that this presentation was for information only and no action was required.

Mr. Brown then closed the public hearings 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.

5. APPOINTMENT OF A PROGRAM ADMINISTRATOR FOR THE CAPITAL ASSET PROGRAM: Optimal Capital Group, LLC

Mr. Brown called on Jessica Waite to give the staff's recommendation for the Administrator of the Capital Asset Program to the Members.

Ms. Waite began by introducing Mark Salimena, Managing Director of Optimal Capital Group.

Ms. Waite said that since 1995, the Authority has routinely disseminated Requests for Proposals for the Program Administrator of the Capital Asset Program, Series 1985 A & B. Each time agreements to provide services have been entered into and the most recent agreement expired on November 30, 2023.

Ms. Waite reminded attendees that the responsibilities of the Program Administrator include calculating the monthly loan rate, record maintenance for the recycling of loan proceeds, advising on investment options for the program's available funds, evaluating the cost and services of the Remarketing Agent, to assist with evaluation of alternatives, if warranted, and evaluating whether to continue the present mode of calculating the bond rate on a weekly basis or converting to a daily or monthly basis, as permitted by the documents.

Ms. Waite explained that the RFP was advertised in the Star Ledger, Courier Post and posted on the Authority's website. In total, twelve prospective bidders requested the RFP. On February 2, 2024, the Authority received two responses to the RFP from Optimal Capital Group, LLC and Hilltop Securities, Inc.

Ms. Waite advised that after reviewing the proposals for capabilities presented in the proposal encompassing items described in RFP; cost of services; previous experience with pool loan programs and variable rate instruments; previous experience working with the Authority, if any; as well as other factors; the evaluation committee found Optimal Capital Group, LLC was best suited to provide Program Administrator services.

Ms. Waite informed attendees that Optimal is an independent financial/swap advisory and consulting services firm with an office in Philadelphia, Pennsylvania and a satellite office in Mullica Hill, New Jersey.

Mark Salimena, Managing Director, will serve as the primary day-to-day contact and advisor for the Authority. Mr. Salimena has been in the industry for nearly 25 years. In 2012, Optimal was appointed by the Members to serve as Program Administrator. Optimal participated in the restructuring and resizing of the Program in 2016. Optimal continued to provide program administration services with

their extensive knowledge of pre-1986 revolving loan programs until the most recent expiration of their agreement in November 2023.

Ms. Waite went on to explain that Optimal has proposed a fee, on an annual basis of \$20,000 and would not ask or expect to be reimbursed for travel expenses and other business expenses reasonably incurred by the firm in the performance of their services. It is important to note, that the fee is paid by function of the Capital Asset Program, and is not paid by the Authority.

Ms. Waite reinforced that it is staff's recommendation that Optimal Capital Group, LLC be appointed Program Administrator for a three year period, with the option to extend their agreement for three additional one-year periods. In the event the agreement is extended, all of the original terms will remain in effect for the extended period. The Authority reserves the right to terminate the agreement, without reason, upon written notification.

Ms. Waite concluded by saying that she and Mark Salimena were available to answer any questions the Members may have.

Mr. Brown asked for a motion to approve appointing Optimal Capital Group, LLC as the Program Administrator for the Capital Asset Program. Ms. Devane offered the motion. Mr. Lovell seconded. Mr. Brown asked if the Members had any questions on the motion.

There were no questions. Mr. Brown called for a vote. All Members voted in the affirmative, and the motion passed.

AB RESOLUTION NO. 2024-2-B

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby approves a resolution authorizing the awarding of the contract for the Program Administrator of the Capital Asset Program to Optimal Capital Group, LLC for a three-year period with the possibility of three additional one-year extensions.

6. AUTHORITY EXPENDITURES

Mr. Brown referenced a summary of Authority expenses and invoices provided to the Members. Ms. Devane 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. 2024-2-C

WHEREAS, the Members of the Authority have reviewed the memoranda dated February 14, 2024, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses, in the amounts of \$25,500.00 and \$944.00, 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.

7. STAFF REPORTS

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

Mr. Troy thanked Mr. Brown and reported the following:

1. I would like to thank the Members who are not full-time State employees for their quick response to Ethics Liaison Officer Robin Piotrowski's email regarding the Special State Officer Training required by Executive Order No. 41 (Codey 2005). Ms. Piotrowski has forwarded your day and time preferences to the State Ethics Commission and will keep you informed.
2. **New Jersey Hospital News**
 - a) Atlantic Health System ("AHS") and Saint Peter's Healthcare System ("Saint Peter's") have signed a letter of intent to create a strategic partnership and will now work toward a definitive agreement to integrate the two organizations subject to regulatory approval. Saint Peter's is currently one of only 13 single-site hospitals in New Jersey and the only one in Middlesex County. You may recall the Federal Trade Commission blocked their plan to merge with RWJBarnabas Health in 2022. If approved, AHS would have hospitals in six counties.
 - b) Deborah Heart and Lung Center CEO and President Joseph Chirichella announced plans to retire. No specific date was set and a nationwide search is underway for his replacement.
 - c) Former Hackensack Meridian Health Co-CEO John Lloyd has passed away at 77. Mr. Lloyd was a well-respected leader in the health care community. He was instrumental in the 2016 merger of Meridian Health and Hackensack University Health Network and served as Co-CEO with Robert Garrett during the first two years of the system.

- d) NJ Biz recently interviewed Hackensack Meridian Health CEO Robert Garrett on his involvement with the World Economic Forum and the future of artificial intelligence (or “AI”) in health care.
- e) Newsweek recently honored AHS, Cape Regional Medical Center, CarePoint Health and RWJBarnabas Health for being great workplaces for diversity.
- f) RWJBarnabas Health and Saint James Health, a federally qualified health center, recently opened a retail pharmacy offering 340b program discounts and a food pantry in the Ironbound section of Newark. Funds were provided by the Our Healthy Newark grant, a \$25 million appropriation from the State of New Jersey.
- g) The State Department of Health ordered CarePoint Health System to submit “disaster plans” for its three hospitals, citing the possibility of the facilities experiencing a disruption in services or abrupt closure due to the network’s financial crisis.
- h) Hospice and palliative care provider as well as Authority borrower Samaritan signed a memorandum of understanding with Rutgers University – Newark establishing a partnership to expand research, education and community engagement to advance the practice of palliative medicine in the city of Camden and the region.
- i) According to a ROI-NJ article, University Hospital’s liver transplant program ranks top in the Northeast, with a survival rate of 98.8%, according to data from the Scientific Registry of Transplant Recipients. Since inception of the program in 1989, University Hospital physicians have performed more than 1,650 liver transplant surgeries, including nearly 80 transplants in the last two years.

3. Ratings Agency Actions and Publications

- a) Fitch Ratings (“Fitch”) published “What Investors Want to Know”, an article with frequently asked not-for-profit hospital and health system questions.
- b) Fitch assigned the Cooper Health System (“Cooper”) an A+ rating with a Stable outlook on February 14, 2024. In addition to improved liquidity, Fitch noted Cooper’s expanding market due to the opening of the largest ambulatory multispecialty campus in Burlington County and the expected acquisition of Cape Regional Health System based in Cape May County.

4. New Jersey Health Care News

- a) The State Department of Human Services reported that seven months into the federally mandated Medicaid redetermination process, approximately 260,000 or 1 in 5 reviewed participants lost coverage. Nationally, 33% of Medicaid members who have gone through the process lost coverage.

5. National Health Care News

- a) The January 2024 Kaufman Hall National Hospital Flash Report reported continued improvement in operating margins as well as a decline in average length of stay on a year-

over-year basis. Outpatient revenue increased suggesting a continued shift to ambulatory settings. Kaufman Hall also noted the gap between high and low performing hospitals was quite wide.

- b) In her most recent blog, Lisa Goldstein of Kaufman Hall lists three “must haves” for a ratings presentation:
 - i. What makes your organization essential?
 - ii. What makes your financial performance durable?
 - iii. What makes your capital plan affordable?
- c) Two BDO articles distributed look at the pressures and risks facing health care organizations and how to mitigate them.
- d) The Centers for Medicare & Medicaid Services (“CMS”) proposed rules that would tighten oversight and accountability of its accrediting organizations, saying it believes not all are issuing accreditation properly during site visits. CMS noticed inconsistencies in how accrediting organizations conduct visits, including letting hospitals or health systems know ahead of time about the pending inspection rather than arriving unannounced. CMS also noted that there have been several instances where accrediting organizations have given approval or passed hospitals even when they had previously been kicked out of the Medicare/Medicaid program for not adhering to safety standards.
- e) A Healthcare Financial Management Association (or “HFMA”) article included key issues finance leaders should keep on their radar. Among them are a decline in public support, AI and anti-industry regulation.

6. Bond and Tax Legislation and Regulatory News

None

7. Other News

None

8. Authority News

Kia Inman, who has been on a mobility assignment with the Authority, is leaving for a position with Veterans Affairs. Kia has been a great help and a good friend and we wish her the best in her new role.

There will be a special Authority meeting Wednesday, March 6, 2024 at 10:00AM to consider approval of a contingent bond sale on behalf of Holy Name Medical Center. Notice will go out shortly. A reminder the next regular Authority meeting will be Thursday, March 28, 2024.

8. ADJOURN

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 Ms. Devane seconded. All Members voted in the affirmative. The meeting was adjourned at 10:45 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 FEBRUARY 22, 2024.

Cindy Kline, Assistant Secretary