

Minutes of the New Jersey Health Care Facilities Financing Authority regular Meeting held on December 14, 2023 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

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

Via telephone: Robin Ford, Designee of the Commissioner of Health (for this Authority meeting named Chair Pro-Tem due to the absence of the Chair and Vice Chair); Greg Lovell, Designee of the Commissioner of Human Services; Manny Paulino, Designee of the Commissioner of Banking and Insurance; Sam Maddali, Tom Sullivan and Bridget Devane.

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

Frank Troy, Alpa Patel, Taryn Rommell, Bill McLaughlin, Edwin Fuentes, Jeff Solimando, Jessica Waite, Ron Marmelstein, Tracey Cameron, and via telephone: Michael Solidum and Jose Lora.

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

Stephanie Gibson, Attorney General's Office and Alexis Franklin, Governor's Authorities Unit. Public Members Sarah Best, Planned Parenthood and Christina Cartisano, Department of Health.

CALL TO ORDER

Mr. Troy called the meeting to order at 10:09 a.m. and announced that this was a regular Meeting of the Authority, held in accordance with the schedule adopted at the May 26, 2022 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. Troy recommended that in the absence of the Chair and Vice Chair, that a Chair Pro-Tem be named. Mr. Lovell nominated Robin Ford to serve as Chair Pro-Tem for the December 14, 2023 meeting and Mr. Sullivan seconded. Mr. Troy called for a vote. All Members voted in the affirmative and the motion carried.

Ms. Ford reminded Members on the phone to identify themselves before making or seconding a motion.

1. APPROVAL OF MINUTES

November 16, 2023 Authority Meeting

Minutes for the Authority's November 16, 2023 Meeting were distributed for review and approval prior to the meeting. Ms. Ford asked for a motion to approve the minutes. Mr. Paulino made the motion. Mr. Lovell seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative.

2. APPROVAL OF FAMILY PLANNING FACILITY FORGIVABLE LOAN APPLICATION -- Planned Parenthood North, Central and Southern NJ -- Absecon - \$750,000

Ms. Ford called upon Taryn Rommell to present on behalf of the Loan Evaluation Committee, a request for approval of a \$750,000 Family Planning Facility Forgivable Loan Application for Planned Parenthood North, Central and Southern NJ – Absecon.

Ms. Rommell began by thanking Ms. Ford, and asked Members to recall the approval of the State Fiscal Year 2024 Family Planning Facility Forgivable Loan Application for Planning Facilities Upgrade Forgivable Loan Program (the "Program") at the July 27, 2023 meeting.

At that meeting, the 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 2024 Appropriations Act (P.L. 2023, c.74) for the purpose of funds for "Family Planning Facilities Upgrades."

Ms. Rommell further explained that by the August 28, 2023 deadline, loan applications were received from four health care organizations relating to 17 facilities that provide family planning for reproductive health services.

The Loan Evaluation Committee, consisting of two Authority employees and two subject matter experts from the Department, met on September 6th, 8th and 20th, October 19th, and November 27th after independently reviewing and scoring each of the applications.

Ms. Rommell then informed Members that the Loan Evaluation Committee is recommending one organization be approved for one loan application in the total amount of \$750,000, the full amount of the organization's request as further detailed below.

Ms. Rommel stated that on behalf of the Loan Evaluation Committee, she recommends that Authority Members approve the resolution provided in the Board Packet, authorizing a forgivable loan to, and the entering into a loan agreement with the following organization to upgrade their facility or services at the location identified below and in the amount identified below:

- Planned Parenthood of Northern, Central and Southern New Jersey
- Absecon \$750,000.

Ms. Rommel informed Members that she or Frank Troy will answer any questions.

Ms. Ford thanked Ms. Rommel then asked Members for a motion to approve a resolution for a \$750,000 Family Planning Facility Forgivable Loan Application for Planned Parenthood North, Central and Southern NJ – Absecon. Mr. Sullivan made the motion and Mr. Maddali seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative.

AB RESOLUTION NO. 2023-12-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.**”

3. FINANCE COMMITTEE REPORT **Proposed 2024 Authority Budget**

Ms. Ford then called on Mr. Maddali, as Chair of the Finance Committee, to present the Authority’s proposed 2024 budget. Ms. Ford added that Members will discuss revenues and expenses in the public session and then move into Executive Session to discuss personnel matters, after which the public session will resume, and a vote will be taken to approve the proposed 2024 Authority Budget.

Mr. Maddali reminded Members that the Finance Committee met by telephone approximately ten days prior (November 28, 2023) to discuss the Authority’s proposed 2024 budget and that today, we will present the budget to the Members.

According to Mr. Maddali, the proposed 2024 cash budget includes an estimated income of \$4,430,960, which is 2.42% higher than the 2023 budget. Estimated expenses are budgeted at \$4,280, 634, an increase of 4.44% over the 2023 budget.

Mr. Maddali then asked Mr. Troy to explain further.

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 then reviewed overall budget information as well as the Authority's revenue sources.\

After discussing overall expenses, Mr. Troy suggested Members move into Executive Session to discuss personnel matters then return to the public session.

Ms. Ford thanked everyone for the work they did on the presentation and the details Mr. Troy provided.

Ms. Ford then announced that as permitted by the Open Public Meetings Act and by the Authority's By-Laws, Members will now meet in Executive Session to discuss personnel matters.

Ms. Ford further advised Members that the results of this Executive Session's discussions will be made public when the need for confidentiality no longer exists. Ms. Ford asked Members for a motion to move into Executive Session. Mr. Lovell made the motion and Mr. Paulino seconded.

All members voted in the affirmative and motion passed. Ms. Ford advised members to dial into Executive Session with the number provided earlier. Members moved into Executive Session at 10:35 a.m.

4. APPROVAL OF PERSONNEL MATTERS DISCUSSED IN EXECUTIVE SESSION.

Members returned to public session at 10:55 a.m. Ms. Ford asked for a motion to approve the personnel matters discussed in Executive Session. Mr. Lovell offered the motion. Mr. Paulino seconded the motion. Ms. Ford asked if the Members had any questions on the motion. There were no questions. Ms. Ford called for a vote. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. 2023-12-B

NOW, THEREFORE, BE IT RESOLVED, that the personnel matters discussed in Executive Session have been approved.

5. APPROVAL OF 2024 PROPOSED AUTHORITY BUDGET

Ms. Ford stated that Mr. Maddali has made the motion to adopt the resolution approving the Authority's 2024 Budget. Is there a second? Tom Sullivan seconded the motion..

AB RESOLUTION NO. 2023-12-C

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution approving the Authority's 2024 budget.

After the resolution adoption, Mr. Troy addressed the Members with a question to Deputy Attorney General Gibson asking if members could or could not vote on approval of minutes if they were not present at the previous Authority meeting. Ms. Gibson's determination was Members who were not present at a previous meeting could vote providing they familiarized themselves with the minutes.

Mr. Troy thanked Ms. Gibson for her input.

6. ANNUAL ACCEPTANCE OF RESOLUTION OF NJHCFFA INCUMBENCY CERTIFICATE

Ms. Ford called upon Jessica Waite to explain the resolution authorizing annual incumbency certificates to the Members.

Ms. Waite began by stating that in the Authority bond documents, an "Authorized Officer" in the case of the Authority, shall mean the Chairman, Vice-Chairman, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer or Executive Director or Deputy Executive Director and when used with reference to any act or document also means any other person authorized by the by-laws or any resolution of the Authority to perform such act or execute such document.

Ms. Waite continued by stating that the Authority is responsible for the expenditure of the costs of projects pursuant to the requisition policies approved by the Authority; and the Authority recognizes the need for prompt and timely decisions made by Authority personnel to facilitate investment purchases and to provide direction to Bond Trustees of revenues, in accordance with bond indentures.

In December of each year, Members approve a Resolution delegating the staff identified in Exhibit A*, as Authorized Officers of the Authority, responsible for the day-to-day activities related to the requests of disbursement requisitions, investments, allocation of revenues, and to take such other action as may be necessary or appropriate in order to effectuate the actions contemplated by this Resolution. Each year Members are asked to re-approve the Authorized Officers of the Authority contained within the Exhibit.

Ms. Waite then asked Members to approve the delegation of those individuals. She concluded by saying she'd be happy to answer any questions Members may have.

Ms. Ford thanked Ms. Waite and asked Members if they had any questions. Ms. Ford then asked for a motion to adopt the resolution authorizing the adoption of annual NJHCFFA incumbency certificates. Mr. Sullivan made the motion and Mr. Madalli seconded. Ms. Ford then called for a vote. All Members voted in the affirmative.

AB RESOLUTION NO. 2023-12-D

WHEREAS, the Authority hereby approves a resolution entitled, "RESOLUTION OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY AUTHORIZING THE ADOPTION OF ANNUAL INCUMBENCY CERTIFICATES PROVIDED TO THE APPROVED TRUSTEE BANKS"

7. APPROVAL OF THE AUTHORITY FEE RESTRUCTURING PROPOSAL FOR NON-HOSPITALS

Ms. Ford called on Bill McLaughlin to present the recommendation to establish a new fee structure for startup, single purpose non-hospital transactions.

Mr. McLaughlin thanked Ms. Ford and began by stating that the New Jersey Health Care Facilities Financing Authority's philosophy behind its fee structure is to ensure that it collects only the fees it needs to fulfill its mission to provide efficient, low-cost financing to health care organizations and to match, as closely as possible, the services provided to the Borrower with the costs to the Authority.

In light of the increased interest and activity at this Authority for municipal bond financings to fund startup, single-purpose non-hospital projects, staff proposes to enact a fee structure that is more closely aligned with the nuanced nature of these types of transactions. Unlike more traditional hospital financings, these transactions require very intense staff input and effort at the early stages.

Staff is recommending that the Authority approve the resolution provided in the meeting materials, enacting the following proposed new Authority fee structure for bond issuances for single-purpose, non-hospital borrowers only:

- Authority borrowers must pay an initial fee of \$17,500 for transactions where the proposed transaction has one series of bonds with an original par amount below \$30,000,000.
- There will be an additional \$10,000 fee per additional series of bonds issues at the same time.
- Authority borrowers must pay an initial fee of 2.5 basis points (.025%) on the original par amount, plus a \$10,000 per series fee, for transactions where the original par amount is \$30,000,000 or above.
- The annual fee structure for this type of transaction is identical to that for all other Authority transactions.

Should the Members have any questions or comments, Edwin Fuentes or I will address them at this time. Thank you.

Ms. Ford thanked Mr. McLaughlin for his presentation and asked Members for a motion to approve the resolution to restructure the Authority's fee schedule as proposed. Mr. Lovell offered the motion and Mr. Paulino seconded. Ms. Ford called for a vote. All members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. 2023-12-E

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the recommendation to establish a new fee structure for startup, single-purpose, non-hospital transactions.

8. AUTHORITY EXPENDITURES

Ms. Ford referenced a summary of Authority expenses and invoices provided to the Members. Mr. Sullivan made the motion to approve the expenses. Mr. Maddali seconded. Ms. Ford asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford 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. 2023-12-F

WHEREAS, the Members of the Authority have reviewed the memoranda summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses, 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.

9. STAFF REPORTS

Ms. Ford thanked staff.

Ms. Ford then asked Executive Director Frank Troy to present his Executive Director's report.

Mr. Troy reported the following:

1. Members are reminded about the annual ethics training required by Executive Order No. 41 (Codey 2005). If you haven't already done so, please complete the Special State Officer Training Module and Cannabis Briefing offered on-line by the New Jersey State Ethics Commission (the "NJSEC") and forward the receipts for completion to my attention as soon as possible. Those who have completed State Employee training by taking the NJSEC's training module or by attending a live in-person or virtual training are not required to take the sessions but please send me your training receipts. If you have any questions, please see me or the Authority's Ethics Liaison Officer, Robin Piotrowski.
2. **New Jersey Hospital News**
 - a) Nurses' at RWJBarnabas Health's Robert Wood Johnson University Hospital in New Brunswick reached a tentative agreement with the hospital, potentially ending the strike that continued for over 120 days. Neither hospital management nor the union divulged the terms of the new contract which must be voted on by the nurses.

- b) In other RWJBarnabas news, Kathleen Jacobs was appointed Chief Investment Officer effective in January 2024. Ms. Jacobs was most recently Chief Investment Officer for New York University.
- c) Hackers continue to target hospitals, often through their vendors. RWJBarnabas Health and three Prime Healthcare New Jersey hospitals, Saint Clare's Hospital in Denville, Saint Michael's Hospital in Newark and St. Mary's Hospital in Passaic, reported breaches involving MOVEit software, a widely used platform. Capital Health and Hackensack Meridian's Pascack Valley and Mountainside Medical Centers also recently reported cyberattacks.
- d) Nine New Jersey hospitals were among Leapfrog's top teaching hospitals: Bergen New Bridge Medical Center, Deborah Heart and Lung Center, Englewood Hospital and Medical Center, Hackensack Meridian Jersey Shore Medical Center, Inspira Medical Center Mullica Hill, Jefferson Cherry Hill Hospital, Morristown Medical Center, St. Luke's Warren and Virtua Hospital Voorhees.
- e) CarePoint Health is suing Cigna Health alleging the insurer underpaid bills from March 2016 through May 2021 by \$114 million. The CarePoint hospitals were out-of-network during the period. CarePoint is also seeking interest and damages.

3. Ratings Agency Actions and Publications

- a) Fitch Ratings ("Fitch") released its 2024 U.S. Not-For-Profit Hospitals and Health Systems Outlook. Fitch's outlook for the sector remains "Deteriorating" as the industry continues to struggle with labor shortages and the resultant wage and benefit pressures.
- b) Moody's Investor Service (Moody's) most recent Sector-In-Depth suggests the risk of debt covenant violations has decreased but remains heightened.
- c) There are no ratings actions to report.

4. New Jersey Health Care News

- a) New Jersey ranked second lowest in incidence of depression with 14.6% of adults diagnosed by a health professional according to the National Health Foundation. Hawaii had the lowest at 12.5%, Tennessee had the highest at 29.2%. The national average was 21.7%.

- b) The State Legislature is seeking to expand Medicaid coverage for palliative/end of life care and licensed clinical social workers providing mental health services.
- c) According to AutoInsurance.org, New Jersey has the seventh longest emergency room wait times in the country at 173 minutes. North Dakota has the lowest at 104 minutes. The national average is 145.
- d) A NJBIZ article looked at the high costs and reduced funding that hospitals are facing post COVID-19 pandemic.

5. National Health Care News

- a) The November 2023 Kaufman Hall National Hospital Flash Report noted Emergency Department visits declined compared to the previous month likely reflecting a shift in patient behavior to outpatient care. This highlights the need for building strong provider and outpatient networks.
- b) Also included with this month's articles were the Fall 2023 Kaufman Hall Report which includes highlights of the firm's recent Healthcare Leadership Conference and Lisa Goldstein's latest blog on rating agency meetings.
- c) Professional services firm, Deloitte released its 2024 outlook citing five factors likely to shape health care: mergers and acquisitions, artificial intelligence, workforce challenges, outsourcing and off-shoring and affordability.
- d) The Departments of Justice and Health and Human Services released the Federal Fiscal Year Health Care Fraud Report. The return on investment (ROI) for the Health Care Fraud and Abuse Control (the "HCFAC") Program over the last three years (2020–2022) is \$2.90 returned for every \$1.00 expended. While sounding lucrative, the ROI was adversely impacted by the COVID-19 pandemic. Factors associated with the pandemic, such as court closures, interrupted or slowed criminal and civil enforcement and other HCFAC activities lowering the return.
- e) Major insurers Cigna and Humana announced a merger deal only to call it off two weeks later. The merger would have certainly been scrutinized by the Federal Trade Commission among other agencies and was met with lukewarm market reaction. The two companies previously explored a merger in 2015.

- f) Two articles were included this month regarding the increased use of nurse practitioners (also known as mid-levels) in the country's health care delivery system.
- g) A New York Times guest essayist asked the question "Why Are Nonprofit Hospitals Focused More on Dollars than Patients?"

6. Bond and Tax Legislation and Regulatory News

None

7. Other News

- a) According to PNC Bank, the cost of giving the gifts from the classic song, The Twelve Days of Christmas, will be \$46,729.86 this year, a 2.7% increase over last year.

8. Authority News

- a) On November 19th, Executive Assistant and Office Manager Cindy Kline marked five years with the Authority. Congratulations and thank you!
- b) A reminder the next Authority meeting will be Thursday, January 25th 2024.
- c) On behalf of the Authority staff, I would like to wish everyone a Merry Christmas, Happy Kwanzaa and a Happy and Healthy New Year!

10. ADJOURN

Ms. Ford thanked Mr. Troy for his report.

As there was no further business, Ms. Ford asked for a motion to adjourn. Mr. Lovell made the motion and Mr. Sullivan seconded. All Members voted in the affirmative. The meeting was adjourned at 11:19 am.

I HEREBY CERTIFY THAT THE
FOREGOING IS A TRUE COPY OF
MINUTES OF THE NEW JERSEY
HEALTH CARE FACILITIES
FINANCING AUTHORITY MEETING
HELD ON DECEMBER 15, 2022.

Ron Marmelstein Director, Division of
Operations, Finance & Special Projects