

Minutes of the New Jersey Health Care Facilities Financing Authority regular Meeting held on September 28, 2023 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following *Authority Members* were in attendance:

Bridget Devane, Public Member and via telephone: Robin Ford, Designee of the Commissioner of Health; Greg Lovell, Designee of the Commissioner of Human Services; David Brown (Chairing), Tom Sullivan (joining at 10:06am) and Sam Maddali, Public Members

The following *Authority staff members* were in attendance:

Frank Troy, Alpa Patel, Taryn Rommell, Cindy Kline, Bill McLaughlin, Kia Inman, Edwin Fuentes, Ankita Parikh; and via telephone: Ron Marmelstein, Jessica Waite, Michael Solidum and Tracey Cameron

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

Stephanie Gibson, Attorney General's Office; Dorian Smith, Governor's Authorities Unit; and via telephone: Erica Holmes and Rebecca Ofrane, Department of Health

## **CALL TO ORDER**

Mr. Brown called the meeting to order at 10:03 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 August 24, 2023 Authority Meeting**

Minutes for the Authority's August 24, 2023 Meeting were distributed for review and approval prior to the meeting. Mr. Brown asked for a motion to approve the minutes. Ms. Devane made the motion. Ms. Ford 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 minutes were approved.

### **2. APPROVAL OF FAMILY PLANNING FACILITY FORGIVABLE LOAN APPLICATIONS**

Mr. Brown called on Taryn Rommell to present the recommendation that two (2) organizations be approved for loans.

Ms. Rommell began by stating that Authority Members received a revised resolution by email this morning and hard copies were available on the board room table. She then stated that Members approved the State Fiscal Year 2024 Family Planning Facilities Upgrade Forgivable Loan Program (the "Program") at the July 19, 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 providing funds for "Family Planning Facilities Upgrades."

According to Ms. Rommell, by the August 28, 2023 deadline, loan applications were received from four health care organizations relating to 17 facilities that provide family planning or reproductive health services. The total amount applied for was \$8,448,148. The Loan Evaluation Committee, consisting of two Authority employees and two subject matter experts from the Department, met on September 6th and September 8th after independently reviewing and scoring each of the applications. Erica Holmes, Executive Director of the Office of Health Care Financing at the Department of Health was one of the subject matter experts from the Department and is joining this meeting by phone.

Therefore, Ms. Rommell noted, the Loan Evaluation Committee is recommending that two organizations be approved for loans for two facilities in the total amount of \$963,410, as further detailed below. Each of the organizations receiving the Loan Evaluation Committee's recommendation are being recommended in the full amount of the organization's request. The Loan Evaluation Committee decided not to recommend two organizations with 15 applications at this time as they failed to cure Evaluation Committee requests by the September 15th deadline. Both organizations were encouraged to cure the request by October 12, 2023 to be considered for the October 26, 2023 Authority meeting.

Ms. Rommell then stated that, on behalf of the Loan Evaluation Committee, she recommended that the Authority Members approve the revised resolution provided, authorizing forgivable loans to, and the entering of loan agreement with, the following organizations to upgrade their facilities or services at the locations identified below and in the amounts identified below:

- Planned Parenthood of Metropolitan New Jersey (Newark, NJ) — \$636,121
- LivWell Health (Toms River, NJ) — \$327,289

Ms. Rommell concluded by offering herself, Frank Troy, or Erica Holmes to answer any questions from the Members.

Mr. Maddali asked if Members should know about the details of each facilities upgrades.

Ms. Rommell reminded Members that the narratives for each facilities upgrades were provided in detail in their board packets. She also noted that when each facility submits a requisition, corresponding invoices need to match up with the narrative.

Mr. Maddali asked if Zufall Health was included in this request.

Ms. Rommell responded that, they are not, but if they cure the requested information, they may be considered for October.

Mr. Brown asked for a motion to approve the resolution authorizing forgivable loans for upgrades at enumerated family planning facilities and approving entering into loan agreements with said facilities. Mr. Maddali offered the motion. Mr. Sullivan seconded. Mr. Brown asked if the Members had any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

### **AB RESOLUTION NO. 2023-9-A**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled, “**A RESOLUTION AUTHORIZING FORGIVABLE LOANS FOR UPGRADES AT ENUMBERATED FAMILY PLANNING FACILITIES AND APPROVING ENTERING INTO LOAN AGREEMENTS WITH SAID FACILITIES.**”

*(attached)*

### **3. APPROVAL OF THE FINANCIAL PRINTING CONTRACT EXTENSION**

Mr. Brown called on Ankita Parikh to present the request for the first one year extension of the financial printing contract.

Ms. Parikh began by informing Members that the three-year contract for the printing of preliminary and final official statements and other related documents for the Authority revenue bonds expires on December 6, 2023. The contract allows for two additional one-year extensions with all original terms remaining in effect for the extension periods. The original contract was awarded to McElwee & Quinn after an RFP in December 2020. Staff has been pleased with the quality and timeliness of their work and therefore, is asking the Members consideration in extending the agreement for the first one-year extension for the period December 7, 2023 through December 6, 2024.

Ms. Parikh said Ron Marmelstein or she would be happy to answer any questions, to which there were none.

Mr. Brown asked for a motion to approve the resolution granting the one-year extension to the Financial Printing contract. Mr. Lovell offered the motion. Ms. Devane seconded. Mr. Brown asked if the Members had any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

## **AB RESOLUTION NO. 2023-9-B**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution authorizing the first one-year extension of the financial printing contract with McElwee & Quinn, LLC commencing December 7, 2023 through December 6, 2024, as permitted by contract.

### **4. APPROVAL OF FIRST ONE-YEAR EXTENSION OF DOCUMENT IMAGING CONTRACT**

Mr. Brown called on Alpa Patel to explain the request for the approval of the first one-year extension of the document imaging contract.

Ms. Patel began by informing the Members that the archiving contract to store the Authority's trustee bank statements and construction requisitions on CD will expire October 8, 2023. The contract allows for two additional one-year extensions with all original terms remaining in effect for the extended period. The original contract was awarded to Alternative Micrographics after an RFP in July 2020. Staff has been pleased with the quality and timeliness of their work and therefore, is asking the members consideration in extending the agreement for the first one-year extension for the period October 9, 2023 through October 8, 2024.

Ms. Patel then offered Cindy Kline or herself to answer any questions from the Members, to which there were none.

Mr. Brown asked for a motion to approve the resolution granting the one-year extension to the Document Imaging Services contract. Mr. Lovell offered the motion. Mr. Maddali seconded. Mr. Brown asked if the Members had any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

## **AB RESOLUTION NO. 2023-09-C**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution authorizing the first one-year extension of the document imaging services contract with Alternative Micrographics, Inc. commencing October 9, 2023 through October 8, 2024, as permitted by contract..

### **5. AUTHORITY EXPENSES**

Mr. Brown referenced a summary of Authority expenses and invoices provided to the Members. Mr. Sullivan made the motion to approve the expenses. Ms. Devane 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. 2023-9-D**

*WHEREAS*, the Members of the Authority have reviewed the memoranda dated September 20, 2023 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amount of \$17,000.00 and \$14,797.65, 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. Brown thanked staff for the Project Development Summary and Cash Reconciliation Report.

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

Mr. Troy reported the following:

1. On September 13, 2023 the Authority issued approximately \$62 million of Series 2023 revenue bonds on behalf of AtlantiCare Health System, Inc. ("AtlantiCare") as approved by the Members at the August meeting. I want to thank AtlantiCare and everyone involved in the transaction.  
I would also like to thank Taryn Rommell, Erica Holmes and Karen Fariior of the Forgivable Loan Program Evaluation Committee for their thorough reviews of the applications received.
2. New Jersey Hospital News
  - a) Authority staff has learned Mark Johnson, CPA was named interim chief financial officer at CareWell East Orange replacing Don Alcuino who is no longer with the organization.
  - b) Jefferson Health has named Aaron Chang President of Jefferson Health-East, the former Kennedy Health System in South Jersey. Mr. Chang comes to Jefferson from Catholic Health in New York.

- c) The nurses' strike at Robert Wood Johnson University Hospital in New Brunswick continues. Several articles on the subject were among those distributed.
- d) A number of New Jersey health system employees were among the 2023 NJBIZ Best 50 Women in Business. The complete list was included in your articles.
- e) Virtua Health CEO Dennis Pullin was named one of Modern Healthcare's "Top Innovators for 2023".

### 3. Ratings Agency Actions and Publications

- a) Moody's Investor Service (Moody's) upgraded the rating of Saint Peter's University Hospital one notch to Baa2, the equivalent of its S&P Global Ratings (S&P) BBB rating which is considered investment grade. Moody's noted Saint Peter's strong cash flow and its highly regarded women and children's service lines. Saint Peter's has approximately \$106 million of Authority debt outstanding. The outlook is Stable.
- b) S&P Global Ratings (S&P) lowered its rating on approximately \$15 million of Authority debt issued on behalf of Christian Health based in Wyckoff one notch to BBB. The downgrade had nothing to do with the operations of Christian Health but was prompted by S&P's downgrade of Valley National Bank which provides letter of credit support for the bonds.
- c) Moody's Investors Services issued their not-for-profit and public healthcare medians based on 2022 data noting "operating margins fell to unsustainable levels." Expenses grew 8.9% over 2021 while revenue grew 5.1%.
- d) Fitch Ratings' latest Hospitals and Healthcare Systems Labor Tracker noted wage growth continues to decelerate and use of contract labor has decreased. Acute care wages, however, are now permanently reset at a higher level and will necessitate performance improvement initiatives such as staffing adjustments, eliminating service lines and exiting financially challenging markets.

### 4. New Jersey Health Care News

- a) On September 21, 2023, Village Drive Urban Renewal ("Village Drive"), a low income assisted living project in Millville funded in part by Authority bonds, posted a notice on the Municipal Securities Rulemaking Board EMMA data port stating it expects to pay interest and principal due bondholders on October 1<sup>st</sup> by making an unscheduled draw on the debt service reserve fund held by the trustee. The total due is approximately \$812,000. There was \$1.5 million in the fund as of August 31, 2023 according to unaudited financial statements posted on EMMA and should Village Drive make that draw it will have six months to replenish the fund.

### 5. National Health Care News

- a) The August 2023 Kaufman Hall National Hospital Flash Report noted bad debt and charity care levels rose again and while expenses declined, it was not enough to offset revenue losses. Ken Kaufman's latest blog was also included with your articles.
- b) A recent Bond Buyer article noted continued challenges in nonprofit health care and included quotes from Kaufman Hall and the major rating agencies.
- c) A Bloomberg article discussed the results of private equity buying troubled hospitals and cited Prospect Medical Holdings, Inc. which had owned and operated East Orange General Hospital until 2021.
- d) Pennsylvania Senator Bob Casey introduced a bill that would automatically enroll every child born in America in Medicaid at birth and continue coverage until age 19. Parents could opt out of Medicaid in favor of private insurance or CHIP.
- e) Also included in this month's articles is the latest in the Healthcare Financial Management Association's Healthcare 2030 series which focuses on value-based care as well as Becker's 100 Hospital Financial Benchmarks – 2023.

#### 6. Bond and Tax Legislation and Regulatory News

- a) RSM LLP published an article about tax-exempt hospitals being under growing scrutiny over the community benefit they claim to provide.
- b) A recent Kaufman Hall newsletter reported that not-for-profit healthcare debt issuance remains low. Overall municipal market issuance is now off only 1% versus 2022 but healthcare is still tracking around 53% lower with the sector facing challenging headwinds as noted by the rating agencies.

#### 7. Other News

On Wednesday, September 20<sup>th</sup> the Federal Reserve held interest rates steady for the second time this year. The widely expected decision left interest rates unchanged at a range of 5.25% to 5.5%, the highest level since 2001. Policymakers also left the door open to an additional increase before the end of the year and indicated that rates are likely to remain at peak levels longer than previously expected.

#### 8. Authority News

Governor Murphy nominated Justin Zimmerman as Commissioner of the New Jersey Department of Banking and Insurance. Mr. Zimmerman is currently serving as Acting Commissioner and will continue in that role until confirmed by the State Senate. The Commissioner is an ex-officio Member of the Authority.

Mr. Brown thanked Mr. Troy for his report.

Mr. Brown pointed out that there will not be an executive session during this meeting as originally posted.

As there was no further business, Mr. Brown 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 10:24 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 SEPTEMBER 28, 2023.

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Cindy Kline, Assistant Secretary