

Minutes of the New Jersey Health Care Facilities Financing Authority Special Meeting held on September 29, 2022 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following *Authority Members* were in attendance:

Via telephone: David Brown II (chairing), Public Member; Dr. Munr Kazmir, Public Member; Bridget Devane, Public Member; Greg Lovell, Designee of the Commissioner of Human Services; Manny Paulino, Designee of the Commissioner of Banking & Insurance, and Robin Ford, Designee of the Department of Health

The following *Authority staff members* were in attendance:

Mark Hopkins, Cindy Kline, Cara Lahr, Frank Troy, Ron Marmelstein; via telephone: Bill McLaughlin and Taryn Rommell

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

Via telephone: Stephanie Gibson and George Loeser, Attorney General's Office

CALL TO ORDER

Mr. Brown called the meeting to order at 10:03 a.m.-and announced that this was a special meeting of the Authority 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.

1. REQUEST TO ADOPT A RESOLUTION CREATING A FORGIVABLE LOAN PROGRAM FOR FAMILY PLANNING FACILITY UPGRADES AND AUTHORIZING A MEMORANDUM OF AGREEMENT WITH THE DEPARTMENT OF HEALTH TO ADMINISTER THE PROGRAM AND A FORM OF APPLICATION FOR THE PROGRAM

Mr. Brown asked Mark Hopkins to explain the details of a request to adopt a resolution creating a Forgivable Loan Program for Family Planning Facility Upgrades and authorizing a Memorandum of Agreement with the Department of Health to administer the Program and a form of application for the Program to assist the Department in utilizing a \$10 million grant-in-aid from the State.

Mr. Hopkins began by saying that the State Fiscal Year 2023 Appropriations Act (P.L. 2022, c. 49) appropriated a Grant-in-Aid line item of \$10,000,000 to the Department of Health (the "Department") and the New Jersey Health Care Facilities Financing Authority (the "Authority") for the purpose of providing funds for "Family Planning Facilities Upgrades." The Authority's

enabling legislation gives it the authority to enter into loan agreements with health care organizations, including family planning facilities, to provide them with the funds necessary for projects, including upgrades to their health care facilities in anticipation of the increased need for family planning services. Pursuant to this loan program, because the funds for the loans were a grant-in-aid appropriated by the State, the loans would be eligible for forgiveness if the recipient family planning facility uses the funds exclusively for eligible purposes and continues to operate and provide family planning services for at least one year after entering into the loan agreement.

Mr. Hopkins continued by explaining that in order to appropriately solicit loan applications and award and administer the loans, as well as to disburse the loan proceeds, the Authority staff recommends entering into a Memorandum of Agreement between the Authority and the Department (the “MOA”) for a Family Planning Facilities Upgrades Forgivable Loan Program.

Mr. Hopkins clarified that the proposed MOA sets out the respective responsibilities of the Department and the Authority, including eligibility of loan recipients and the criteria that will be evaluated in determining which organizations get loans and in what amounts. The Department has agreed to provide a family planning services subject matter expert to assist in soliciting loan applications, reviewing the loan applications and participating in the selection of loan recipients and loan amounts.

Mr. Hopkins said that the Authority will follow similar procedures that it uses for disbursing bond proceeds for the disbursement of the loan proceeds, that is: prior to disbursing loan proceeds it will require requisitions from loan recipients with invoices or receipts, which will be reviewed and approved by an Account Administrator, an Assistant Account Administrator and, in the case of construction expenses, the Authority’s Construction Compliance Officer. The Authority will be permitted to reimburse itself from the appropriation, upon review and approval of the Department, for its actual expenses, at cost, and at the hourly rates identified on Attachment B of the MOA for each hour each Authority employee spends working on the Family Planning Facilities Upgrades Forgivable Loan Program.

Mr. Hopkins also said that a resolution creating the Family Planning Facilities Upgrades Forgivable Loan Program along with a substantially final form of the MOA and a form of loan application were distributed to Authority Members on Tuesday, September 27, with a slightly revised form of loan application distributed Wednesday. The Office of the Attorney General has reviewed the resolution, the MOA and the form of loan application and has no objection to the Members’ consideration of the resolution, MOA and form of loan application.

Mr. Hopkins concluded by saying that, Staff recommends that the Authority Members approve of the resolution as provided. Mr. Hopkins indicated that he would be happy to answer any questions the Authority Members may have about the resolution, the MOA or the form of loan application.

Mr. Brown asked if any Members had any questions.

Mr. Lovell asked if there’s a potential \$10,000,000 that could be forgiven each year.

Mr. Hopkins responded by saying that this is a one-year program. The amount under the MOA the Department of Health would provide the Authority with \$10,000,000 in a segregated fund from which the loan proceeds would be drawn. After a year, those loans, if all the conditions are met,

would be forgiven. The Authority would use some of that \$10,000,000 to reimburse itself for its expenses at cost and the overhead and salaries and fringe benefits of the Authority employees for however many hours they worked on the program. Mr. Hopkins said he believed the MOA says that the Authority is limited to 10% of the grant-in-aid for the Authority expenses, but it would probably be a lot less than that to administer the program.

Mr. Lovell then asked whether this money will be requested for upgrades and facilities that may continue over a period of years to correct or fix, but it's a one-year program?

Mr. Hopkins said facilities are required to incur the expense by June 30, 2023, which means they would have had to enter into, if it's a construction project, a construction contract, or have ordered whatever supply or equipment by June 2023, and they have until 180 days thereafter to seek reimbursement for it. So they can't go into the following State Fiscal Year ordering new things or anything like that. They have to know what their project is, and have paid for it or obligated themselves to pay for it, by June 30, 2023.

Mr. Lovell asked, while under the Authority's direction, will facilities have to adhere to and meet all the construction and other requirements that the Authority requires for bonds?

Mr. Hopkins replied, yes. They have to pay prevailing wage, they have to present receipts to the Authority, or invoices, so the Authority will know whether the expenses are eligible, because the Authority will review them prior to making a disbursement to confirm they are eligible expenses.

Mr. Lovell asked, once they ask for forgiveness, then who is responsible at that point for verifying, monitoring, and making sure they are adhering to conditions?

Mr. Hopkins said, upon requisition by the facility the Authority will not disburse the money unless the Authority has confirmed it is within the purpose of the program.

Mr. Lovell said, if the Authority has verified that all the money is accounted for and it's going towards this project, and has started, but then they file for the forgiveness portion, then how does the Authority know it was allocated accordingly?

Mr. Hopkins answered, because when they draw down the money, which is the loan, the Authority knows that it is being used for the purpose. They are presenting the Authority with invoices and receipts. Forgiveness is essentially automatic after one year (they don't apply for it) as long as the facility is still in operation and providing family planning services. So the Authority knows the money was used for the allocated purpose because we are paying an invoice from for example, a contractor or a receipt for an equipment purchase. And then at the end of the year if they are still operational providing family planning services, it is automatically forgiven. And that will be confirmed by the person at the Department of Health, who is a subject matter expert as to whether they are still operating and providing those services.

Mr. Lovell asked, so the concept behind this is it is a free loan for a year?

Mr. Hopkins replied, yes. It is a forgivable loan.

Mr. Lovell said, assuming that they meet the requirements of one year of providing family planning services?

Mr. Hopkins said that was correct. It was originally intended as a grant but the Authority is not authorized by statute to issue grants. However, we can give loans, and we can forgive those loans.

Mr. Lovell asked, are any other authorities doing something similar to this?

Mr. Hopkins said that the HMFA has done something similar with their program for housing for super-utilizers of hospitals. Hospitals turn to a loan program for that purpose. In fact, the Authority used some of those documents to create the loan program.

Mr. Lovell thanked Mr. Hopkins.

Mr. Brown asked for a motion to adopt the resolution to create a forgivable loan program for family planning facility upgrades and authorizing a memorandum of agreement with the Department of Health to administer the program and a form of application for the program. Dr. Kazmir made 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. 2022-09-AA

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled “**A RESOLUTION CREATING A FORGIVABLE LOAN PROGRAM FOR FAMILY PLANNING FACILITY UPGRADES AND AUTHORIZING A MEMORANDUM OF AGREEMENT WITH THE DEPARTMENT OF HEALTH TO ADMINISTER THE PROGRAM AND A FORM OF APPLICATION FOR THE PROGRAM.**”

(see attached)

2. ADJOURN

As there was no further business, Mr. Brown asked for a motion to adjourn. Dr. Kazmir made the motion. Mr. Lovell seconded. Mr. Brown asked if there were any questions on the motion. There were no questions. He then called for a vote. All Members voted in the affirmative.

The meeting was adjourned at 10:16 a.m.

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF MINUTES OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY SPECIAL MEETING HELD ON SEPTEMBER 29, 2022.

Cindy Kline, Assistant Secretary