

Minutes of the New Jersey Health Care Facilities Financing Authority regular Meeting held on October 26, 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; Greg Lovell, Designee of the Commissioner of Human Services; Manny Paulino, Designee of the Commissioner of Banking and Insurance; David Brown (Chairing), Tom Sullivan, and Bridget Devan, Public Members

The following *Authority staff members* were in attendance:

Frank Troy, Alpa Patel, Taryn Rommell, Cindy Kline, Bill McLaughlin, Kia Inman, Edwin Fuentes, Jeff Solimando, Ron Marmelstein; and via telephone: 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: Rebecca Barson and Caitlan Vulk

CALL TO ORDER

Mr. Brown called the meeting to order at 10:02 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 September 28, 2023 Authority Meeting

Minutes for the Authority's September 28, 2023 Meeting were distributed for review and approval prior to the meeting. Mr. Brown asked for a motion to approve the minutes. Mr. Sullivan 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, except for Mr. Paulino who abstained, 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 14 loan applications in the amount of \$6,686,428.

Ms. Rommell began by stating that Authority Members should recall the approval of the State Fiscal Year 2024 Family 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 providing funds for "Family Planning Facilities Upgrades."

According to Ms. Rommel, by the August 28, 2023 deadline, loan applications were received from four health care organizations relating to 18 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, 8th, 20th, and October 19th after independently reviewing and scoring each of the applications.

The Loan Evaluation Committee is recommending that two organizations be approved for 14 loan applications in the total amount of \$6,686,428, as further detailed below. Each of the applications receiving the Loan Evaluation Committee's recommendation are being recommended in the full amount of the organization's request.

Therefore, Ms. Rommell continued, on behalf of the Loan Evaluation Committee, she recommends that the Authority Members approve the revised resolution provided Tuesday morning via email and on the table, 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 Northern Central and Southern New Jersey (13 applications for 13 facilities): Camden \$750,000, Delran \$142,500, Franklin \$210,920, Hackensack \$750,000, Hamilton \$181,210, Elizabeth \$393,000, Englewood \$371,490, Flemington \$284,000, Morristown \$750,000, Newton \$296,900, Perth Amboy \$750,000, Shrewsbury \$750,000, and Trenton \$750,000 Total: \$6,380,020
- Zufall Health Center (1 application for 2 facilities) (Dover and Somerville) — \$306,408

Ms. Rommel offered to have Frank Troy or herself answer any questions the Members had, to which there were none.

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. Paulino 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.

Ms. Ford thanked the team that worked on this for all their time, hard work, and professionalism. Mr. Brown agreed.

AB RESOLUTION NO. 2023-10-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. UPDATE ON VILLAGE DRIVE URBAN HEALTHCARE RENEWAL, LLC

Mr. Brown called on Frank Troy to present an update on Village Drive Urban Healthcare Renewal, LLC. Mr. Brown informed Members that this presentation was for informational purposes only.

Mr. Troy reminded Members that during the September 28, 2023 meeting he reported Village Drive Healthcare Urban Renewal, LLC (“Village Drive”), a low income assisted living project in Millville funded in part by Authority bonds issued in 2018, posted a notice on the Municipal Securities Rulemaking Board EMMA data port (“EMMA”) stating it expected to pay interest and principal due bondholders on October 1st by making an unscheduled draw on the debt service reserve fund held by the trustee, U.S. Bank (the “Trustee”). The total due was approximately \$812,000 comprised of \$155,000 in principal and \$656,938 in interest.

According to Mr. Troy, on October 3, 2023, the Trustee posted a notice on EMMA stating holders of a majority of the bonds directed the Trustee not to draw funds from the debt service reserve in order to make the scheduled payment resulting in Events of Default under the Loan Agreement, Mortgage and Bond Indenture between Village Drive and the Authority for failure to make required payments. A subsequent EMMA notice posted October 13, 2023 by Village Drive stated Village Drive is in discussion with bondholders regarding options to satisfy the payment obligation. Copies of these notices were included in your materials.

Mr. Troy also stated that there have been no additional notices from Village Drive or the Trustee as of this writing and neither the Authority nor the Trustee is taking any action at this time with respect to the Events of Default.

Mr. Troy concluded by reminding Members that this was being presented for informational purposes and he would be pleased to answer any questions Members had, to which there were none.

Mr. Brown thanked Mr. Troy for the update.

4. AUTHORITY EXPENSES

Mr. Brown referenced a summary of Authority expenses and invoices provided to the Members. Mr. Lovell made the motion to approve the expenses. Ms. Paulino 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. 2023-10-B

WHEREAS, the Members of the Authority have reviewed the memoranda dated October 18, 2023 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amount of \$28,592.50 and \$72,440.40, 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.

5. 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. Members and designees are reminded that Executive Order No. 41 (Codey 2005) requires annual training in government ethics. As in past years, on-line training is offered by the New Jersey State Ethics Commission (the "SEC"). If you haven't already done so, please complete the Special State Officer Training Module and Cannabis Briefing and forward the receipts for completion to my attention by Friday, November 3, 2023. Those who have completed State Employee training by taking the SEC'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. Finance Committee members are reminded there will be a meeting on November 2, 2023 at 10:00AM. Materials and dial-in information will be sent in advance.
3. New Jersey Hospital News

- a) The nurses' strike at RWJBarnabas Health's Robert Wood Johnson University Hospital in New Brunswick continues with negotiating sessions resulting in no progress toward a resolution. The 80+ day strike has been referenced in several national articles on health care labor relations.
- b) In non-strike news, RWJBarnabas Health and Middlesex College in Edison have entered into a health care workforce development project which will be housed in the new Jack & Sheryl Morris Cancer Center currently under construction in New Brunswick. The Center was funded in part by Authority bonds.
- c) Governor Murphy's long time chief of staff, George Helmy, has joined RWJBarnabas Health as executive vice president and chief external affairs and policy officer.
- d) Michael Charlton was appointed President and CEO of AtlantiCare Health System after serving in those roles on an interim basis since June 1, 2023. Mr. Charlton was the organization's board chair from 2017 through early 2023.
- e) Dr. Dustin Riccio has been named the new CEO of St. Joseph's Health. Dr. Riccio will succeed Kevin Slavin who is retiring at the end of the year.
- f) St. Joseph's Paterson campus had the 22nd highest number of emergency department visits in the country in 2022 according to Becker's Hospital Review. Morristown Medical Center was #31.
- g) MD Anderson Cancer Center at Cooper recently celebrated its tenth anniversary.
- h) Inspira Health announced the integration of Salem Medical Center is complete with the facility rebranded as Inspira Medical Center Mannington.
- i) NJ101.5 reported Atlantic Health is in quiet discussions with Morristown officials regarding a substantial expansion of its Morristown Medical Center campus and other health care offerings along Madison Avenue.

4. Ratings Agency Actions and Publications

- a) Fitch Ratings ("Fitch") affirmed Virtua Health's AA- rating citing its leading market position, high acuity service lines and growing outpatient network. The outlook is stable.
- b) Fitch Ratings' latest Fitch Wire notes controlling expenses, especially labor costs will be critical for not-for-profit hospitals to return to stronger operating margins.

5. New Jersey Health Care News

- a) Nearly 130,000 low-income or disabled New Jersey residents have lost Medicaid coverage since the Department of Human Services began the federally-mandated review of eligibility. New Jersey Medicaid enrollment grew to 2.3 million during the COVID-19 pandemic, almost one in four residents.
- b) ROI-NJ presented its 2023 Health Care Influencers list on October 3rd. Hackensack Meridian Health CEO Robert Garrett was #1.
- c) NJ Biz posted its 2023 Hospital Directory on Monday, the 23rd.
- d) Rutgers University unveiled plans for a \$600 million renovation of its medical school in Newark.

6. National Health Care News

- a) The September 2023 Kaufman Hall National Hospital Flash Report noted operating margins improved but still remain below historical levels. Contract labor usage continues to decline.
- b) This month's articles included health care financial benchmarks compiled by Syntellis.
- c) Articles on the amount of community benefit tax-exempt hospitals provide continue to appear. Politicians cite what they consider the low amount of charity care reported on the form 990. The industry is pushing back by saying there are other community benefits besides charity care including research, teaching, health education, etc.
- d) According to a Carta Healthcare poll, three out of four U.S. patients don't trust artificial intelligence (or AI) in a health care setting.
- e) Members of the Senate Veterans Affairs Committee is urging CMS to rescind or revise its controversial staffing requirements for long-term care facilities warning it could cause facilities to close. A recent KFF analysis found 81% of nursing facilities nationwide would need to hire additional staff to meet the requirements.
- f) A recent Becker's Hospital Review article discusses the "Hospitals' Brick-and-Mortar Paradox", the need for hospital infrastructure as hospital-at-home and telehealth gain traction.

7. Bond and Tax Legislation and Regulatory News

None to report.

8. Other News

Federal Reserve Chair Jerome Powell signaled Thursday that policymakers will likely forgo an additional interest rate hike in November while noting that Fed's fight against inflation has made erratic progress.

9. Authority News

- a) The Authority welcomes our new Communications/Government Relations Specialist Jeff Solimando. Jeff comes to us from Catholic Charities of the Diocese of Trenton and has extensive communications experience.
- b) A reminder the next Authority meeting will be Thursday, November 16th due to the Thanksgiving Holiday.

Mr. Brown thanked Mr. Troy for his report.

As there was no further business, Mr. Brown asked for a motion to adjourn. Mr. Sullivan made the motion and Mr. Lovell seconded. All Members voted in the affirmative. The meeting was adjourned at 10:20 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 OCTOBER 26, 2023.

Cindy Kline, Assistant Secretary