NEW JERSEY HEALTH CARE FACILITIES

FINANCING AUTHORITY

MEETING MINUTES

September 27, 2018

Certified: Carole Conover

Carole A. Conover
Assistant Secretary

Minutes of the New Jersey Health Care Facilities Financing Authority Meeting held on September 27, 2018 on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

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

Dr. Munr Kazmir (Vice Chair) Chairing; Robin Ford, Designee of the Commissioner of Health; Greg Lovell, Designee of the Commissioner of Human Services; and, Suzette Rodriguez, Public Member

The following ***Authority staff members*** *were in attendance:*
Mark Hopkins, Frank Troy, Ron Marmelstein, Bill McLaughlin, Carole Conover, Alpa Patel, Edwin Fuentes, Ellen Lieber, John Johnson, Bernie Miller, Taryn Rommell, Michael Solidum, Nino McDonald, Jessica Lucas

The following ***representatives from the State and/or the public*** *were in attendance:*
Jim DeRosa, Hackensack Meridian Health; Brian McGarry, Attorney General's Office; John Kelly, Wilentz, Goldman & Spitzer, P.A.; and Brian Wilton, Governor's Authorities Unit;

CALL TO ORDER

Dr. Kazmir called the meeting to order at 10:05 a.m. and announced that this was a regular Meeting of the Authority, held in accordance with the schedule adopted at the May 24, 2018 and August 23, 2018 Authority meetings. Complying with the Open Public Meetings Act and the Authority's By-laws, notice of this meeting was delivered to *The Star-Ledger* and the *Courier Post* and to all newspapers with mailboxes at the Statehouse, enough in advance to permit the publication of an announcement at least 48 hours before the meeting.

1. APPROVAL OF MINUTES

August 23, 2018 Authority Meeting

Minutes for the Authority's August 23, 2018 Authority meeting were distributed for review and approval prior to the meeting. Dr. Kazmir asked for a motion to approve the minutes. Ms. Ford made the motion. Ms. Rodriguez seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. All Members voted in the affirmative and the minutes were approved.

2. **Amendment to Documents**
    a. **Bartley Assisted Living, LLC Issue, Series 2000**

Dr. Kazmir called on Michael Solidum to provide the Members with the details of the request to amend the documents for the Series 2000 issue.

Mr. Solidum stated that the Authority issued Series 2000 bonds for Bartley Assisted Living, a 71-unit assisted living and special care facility located in Jackson Township in the amount of $9,998,591 to finance a portion of the costs of constructing and equipping their assisted living facility. As of today there are $4,006,772 of bonds outstanding with a final maturity of November 1st, 2033.

The Series 2000 bonds were originally privately placed with Commerce Bank, now TD Bank through merger, and issued for a term of 33 years. The interest rate was scheduled to reset every five years and was indexed to the 5-year Treasury bond. Currently the bonds are paying interest at a rate of 2.6412% and are subject to optional tender for purchase with at least 90 days prior written notice from TD Bank on November 1, 2018, 2023, and 2028.

Mr. Solidum stated that staff is requesting the approval of the Resolution of the Authority Authorizing and Approving a Third Amendment to Trust Indenture, a Replacement Bond Certificate and an Endorsement of a Replacement Note Certificate in connection with the Bonds.

Bartley Assisted Living and TD Bank, N.A. have negotiated new terms to the Series 2000 issue. The interest rate on the Bonds for the period from and after November 15, 2018 up to, but not including, November 15, 2023 shall be modified to an annual rate to be determined on November 12, 2018. Also, unless Bartley makes a written request to TD Bank, the owner of the Outstanding Bonds at least ninety (90) days prior to November 1, 2023 or November 1, 2028 (each a "Mandatory Purchase Date") to keep the Bonds Outstanding and TD Bank agrees, all of the Outstanding Bonds shall be subject to mandatory purchase on each Mandatory Purchase Date at a purchase price equal to 100% of the principal amount plus accrued interest to the Mandatory Purchase Date. Accordingly, Bartley has asked us to amend the documents to reflect these changes. The Attorney General's office has reviewed the Authority's resolution and the other documents and has no objection to the Authority's consideration of this matter.

Substantially finalized documents were available at the meeting. Mr. Solidum stated that he and John Kelly of Wilentz, Goldman & Spitzer, P.A. would answer any questions the Members may have to which there were none.

Dr. Kazmir asked for a motion to approve the resolution authorizing amendments to the Bartley Assisted Living, LLC Issue, Series 2000. Ms. Rodriguez made the motion. Mr. Lovell seconded. Dr. Kazmir 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. SS-23

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the Resolution entitled, "**A RESOLUTION AUTHORIZING AND APPROVING A THIRD AMENDMENT TO TRUST INDENTURE, A REPLACEMENT BOND CERTIFICATE AND AN ENDORSEMENT OF A REPLACEMENT NOTE CERTIFICATE IN CONNECTION WITH THE AUTHORITY'S OUTSTANDING REVENUE BONDS (BARTLEY ASSISTED LIVING, LLC ISSUE, SERIES 2000)**

(attached)

b. Amendment to Trust Agreement
Meridian Health System Obligated Group Issue, Series 2016A

Dr. Kazmir called on Edwin Fuentes to provide the Members with the details of the request to amend the Trust Agreement for the Meridian Health System Obligated Group Issue, Series 2016A.

Mr. Fuentes introduced Mr. Jim DeRosa, Vice President of Finance of Hackensack Meridian Health and stated that staff is requesting that the Members approve a Resolution of the New Jersey Health Care Facilities Financing Authority Authorizing Certain Amendments To The Existing Trust Agreement Relating To Its Outstanding Refunding Bonds, Meridian Health System Obligated Group Issue, Series 2016A and Other Incidental Actions Related Thereto.

Authority staff was contacted by representatives of Hackensack Meridian Health Inc. seeking modifications to the Trust Agreement related to their Meridian Health System Obligated Group Issue, Series 2016A. The Series 2016A transaction is a direct placement of bonds with Banc of America Public Capital Corp., as Purchaser. Specifically, the Borrower and the Purchaser have requested that the Authority amend the Trust Agreement to, among other things, modify the provisions relating to the manner in which the monthly interest rate on the Series 2016A Bonds is determined and calculated, and to change the date on which the Series 2016A Bonds are subject to optional tender for purchase by the Purchaser. Accordingly, the Resolution authorizes and approves the execution and delivery of a Second Supplemental Trust Agreement between the Authority and the Bond Trustee which modifies the original Trust Agreement in the matter requested by the Borrower and the Purchaser, including modifying the definitions of 'Applicable Margin', 'Default Rate', and 'Direct Purchase Rate', deleting the term 'Margin Rate Factor', and providing that the date on which the Series 2016A Bonds are subject to optional tender for purchase by the Purchaser shall be the date which is 10 years after the date of execution of the Second Supplemental Trust Agreement.

John Kelly of Wilentz, Goldman, & Spitzer, Bond Counsel for these amendments, prepared the Resolution presented today. Both the Purchaser and the Borrower have agreed to all the aforementioned changes. The Attorney General's office has also reviewed the Resolution and the proposed Amendments. Mr. Fuentes stated that he, Mr. DeRosa, or Mr. Kelly would address any questions to which there were none.

Dr. Kazmir asked for a motion to approve the resolution amending the Trust Agreement relating to the Meridian Health System Obligated Group Issue, Series 2016A Bonds. Mr. Lovell made the motion. Ms. Ford seconded. Dr. Kazmir 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. SS-24

> **NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby approves the Resolution entitled, **"A RESOLUTION OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY AUTHORIZING CERTAIN AMENDMENTS TO THE EXISTING TRUST AGREEMENT RELATING TO ITS OUTSTANDING REFUNDING BONDS, MERIDIAN HEALTH SYSTEM OBLIGATED GROUP ISSUE, SERIES 2016A AND OTHER INCIDENTAL ACTIONS RELATED THERETO"**

(attached)

3. RATIFYING A TEMPORARY WAIVER OF CERTAIN PROVISIONS OF THE VILLAGE DRIVE LOAN AGREEMENT

Dr. Kazmir asked Executive Director Mark Hopkins to explain to the Members the need for the temporary waiver of certain provisions of the Village Drive Loan Agreement.

Mr. Hopkins stated that on September 15, 2018, the New Jersey Health Care Facilities Financing Authority (the "Authority") privately placed $23,000,000 in bonds on behalf of

Village Drive Healthcare Urban Renewal, L.L.C. with Nuveen and Oppenheimer, as bond purchasers. During the pre-closing on September 14, 2018, it was noted that certain insurance and surety requirements contained in the Loan Agreement relating to those bonds had not been met in their entirety. In an effort to allow the placement to be completed as scheduled, after discussing with bond counsel and the Attorney General's Office, and upon receiving a consent to the waiver from the bond purchasers (in the Investor Letter), he executed a temporary waiver of the following provisions of the Loan Agreement:

1. Section 4.2 of the Loan Agreement, the requirement that the Surety bond be in the amount of the Construction Contract Price and the one year maintenance portion of the surety bond was waived until October 1, 2018.

2. Section 6.11(a)(i) (fire insurance, etc.), 6.11(a)(vi) (boiler and machinery coverage), 6.11(a)(viii) (trustees, officers and vehicle coverage) and 6.11(a)(ix) (business interruption and special equipment coverage) of the Loan Agreement were waived until the Project received its Certificate of Occupancy of the Project; and Section 6.11(a)(v) (fidelity insurance) was waived until October 1, 2018.

In the case of the items waived until October 1, 2018, no additional bond proceeds would be disbursed until the original conditions of the Loan Agreement had been satisfied.

In addition to the bond purchasers' consent, the rationales behind these temporary waivers were:

A. The Surety Bond, which was obtained in the amount of only $14,351,000 instead of the required full Construction Contract Price of $14,800,000, could be remedied by acquiring such additional amount by October 1, 2018 without any additional risk to the project;

B. The Builder's Risk policy obtained by the General Contractor would cover much, if not all, of what would be covered under the fire insurance policy required by Section 6.11(a)(i), additionally, a completion guarantee has been executed by the borrowers and investors;

C. Because the project will not be operational as it consists of an extensive rehabilitation of an existing facility plus some new construction, boiler and machinery coverage (Section 6.11(a)(vi)), trustees, officers and vehicle liability (Section 6.11(a)(viii)) and business interruption and special equipment insurance (Section 6.11(a)(ix)), while normally required upon bond issuance, is not practically necessary until the facility is operational and was therefore waived until the project received its certificate of occupancy; and

D. While fidelity insurance should have been obtained by bond issuance, we decided to temporarily waive it as an accommodation to the borrowers and the bond purchasers with the understanding that the resultant risk would be on the bond purchasers and would be mitigated by obtaining fidelity insurance by October 1, 2018, before any addition bond proceeds are disbursed.

On September 18, 2018, the surety bond was increased to $14,800,000, the full amount of the construction contract, as required by the Loan Agreement, and borrower's counsel pointed out that the surety bond covered the maintenance provisions as a result of the Construction Contract covering same. Mr. Hopkins informed the Members that on September 26, 2018 the Authority received evidence that the fidelity insurance had been procured.

Mr. Hopkins offered to address any questions or concerns the Members may have to which there were none.

Dr. Kazmir then asked for a motion to ratify the temporary waiver of certain provisions of the Village Drive Loan Agreement. Ms. Ford made the motion. Ms. Rodriguez seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. Dr. Kazmir called for a vote. All Members voted in the affirmative and the motion passed.

Ms. Ford commended Mr. Hopkins for his work on this difficult transaction to which Mr. Hopkins commented that it was a group effort. He thanked Bill McLaughlin, Edwin Fuentes, Michael Solidum, Jessica Lucas, Ron Marmelstein, Frank Troy, and Taryn Rommell for their hard work on what was an incredibly difficult financing.

AB RESOLUTION NO. SS-25

> **NOW, THEREFORE, BE IT RESOLVED,** that the Authority hereby approves the resolution entitled **"RESOLUTION RATIFYING THE TEMPORARY WAIVER OF CERTAIN PROVISIONS OF THE VILLAGE DRIVE LOAN AGREEMENT."**

(attached)

4. ADDITION TO QUALIFIED BANKERS LIST
<u>280 CapMarkets LLC</u>

Dr. Kazmir asked Bill McLaughlin to present the recommendation for an addition to the Qualified Bankers List.

Mr. McLaughlin stated that he had received a request from 280 CapMarkets LLC ("280") to be added to the list of approved bankers as a Co-Manager.

280 is a broker-dealer organized under the laws of the State of Delaware. The firm makes markets in municipal and corporate bonds. The firm is headquartered in San Francisco, California with offices in New York, Manhattan Beach and Seattle. 280 has 43 employees overall with several residing in New Jersey.

280 has submitted a Statement of Qualifications to this Authority. To date, the firm's Municipal Capital Markets Department, which was established in 2017, has not participated in any healthcare underwritings in the primary market, however, the firm has supported New Jersey issuances in the secondary market.

The firm has reported excess net capital of approximately $6.49 million, which enables them to underwrite up to approximately $100 million of long-term municipal debt. If approved, the primary contacts will be Tom Lockard, Head of Originations and Co-Founder and Mike Hurtado, Managing Director, both of whom work out of the San Francisco office.

Based upon the information provided, the firm has demonstrated that it is qualified under the Authority's standards to serve as a co-manager. Staff recommended approving the addition of 280 CapMarkets to the Authority's approved underwriters list as a co-manager.

Mr. McLaughlin offered to answer any questions the Members might have to which there were none.

Dr. Kazmir then asked for a motion to approve the resolution adding 280 CapMarkets LLC as a Co-Manager on the Authority's Qualified Bankers List. Mr. Lovell made the motion. Ms. Rodriguez seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. All Members voted in the affirmative and the motion was approved.

AB RESOLUTION NO. SS-26

> **NOW, THERFORE, BE IT RESOLVED,** that the Authority hereby approves the appointment of 280 CapMarkets LLC to the Authority's Qualified Bankers List as a Co-Manager.

5. POLICY ADOPTION

Requiring an examination of management's forecast for non-hospital start-up, single purpose entities

Dr. Kazmir called on Frank Troy to explain the policy to the Members.

Mr. Troy stated that prior to June 28, 2007, the Authority had a policy of requiring an independently prepared financial feasibility study for projects involving non-investment grade borrowers. Since that time, financial projections prepared by the borrower's management or consultant were reviewed by Authority staff. As virtually all transactions since the policy change involved acute care hospitals and straight-forward structures, staff felt very comfortable assessing the reasonableness of the underlying assumptions and the related pro forma financial statements.

With its broad mission, the Authority may have the opportunity to provide financing for projects other than acute care hospitals with complex ownership and capital structures. Many of these may be start-ups undertaken by a single purpose or special purpose entity (SPE). Due to these factors, staff is recommending the adoption of a policy requiring an examination of management's forecast by an independent certified public accountant for all projects involving a non-hospital start-up single purpose entity. The accountant would be engaged by the borrower to perform the examination. The accountant's report and opinion would be included in any offering document. Staff also recommends the requirement not be waived for private placements even when the borrower has obtained a commitment from an investor indicating its willingness to purchase the bonds without such an examination and the investor is also willing to sign an approved investor letter.

Mr. Troy stated that staff would be pleased to address any questions or concerns the Members may have.

Ms. Ford asked if he would be developing a policy based off this memo and would it be an independent licensed NJ CPA or one based anywhere to which Mr. Troy stated that there is more portability recently with most states recognizing licenses of out of state CPAs. He stated the standards are the same in all jurisdictions and as long as it is an independent certified public accountant, they would qualify.

Mr. Hopkins added that we would also ask for a Privity Letter. Unlike other states, NJ does not automatically apply privity for accountants' reports to independent entities so we ask for a Privity Letter which gives the Authority the right to rely on their opinion.
Ms. Ford wanted to confirm that it is the responsibility of the borrower to have the CPA available upon applying for the initial application to which Mr. Troy said that was correct. Ms. Ford questioned how long that would take to which Mr. Troy stated that it depends on the engagement but it typically takes 6 to 8 weeks depending on whether the borrower has an acceptable market study which is the large part of the examinations so if that work is done, that will shorten the accountant's time needed to do their work and prepare their report. Mr. Hopkins noted that it was mentioned, as well as hearing it independently, that it will cost about $50,000 if there has been a good reliable market study performed.

Ms. Ford questioned if the final policy will come before the Board again to preview to which Mr. Hopkins stated that we are approving the policy today. The studies will be prepared after we approve it and the details will be up to Frank Troy and Taryn Rommell. He further noted we have a standard procedure with the Attorney General's office with regard to the Privity Letters. Mr. Hopkins asked Brian McGarry from the Attorney General's office if there any other details that needed to be added to this resolution in approving the policy to which he stated just the Privity Letters. Mr. Hopkins asked Mr. Troy if there were any other details that needed to be included, and Mr. Troy stated that it is pretty straight forward and noted that "the examination of management's forecast" is used interchangeably with "feasibility study". Mr. Hopkins commented that a feasibility study also includes the market study and the accountant can use an existing market study. If it is a recognized firm doing the market study, the accountants will usually accept that study. A lot of the time and cost depends on the borrower and what they have prepared. Ms. Ford stated that she thought this policy was a good idea.

Mr. Lovell asked if the Authority will have the ability to question the market study and not necessarily accept the study of the CPA in the event it doesn't meet the standards in the policy. Mr. Troy stated that the accountants would perform the engagement with the standards set up by the American Institute of Certified Public Accountants in accordance with principles used in the US so there is little likelihood that we would ever need to. We are talking about an examination not a compilation which gives no assurance to the Authority or anyone else.

Mr. Hopkins stated that if it is a recognized independent certified public accountant firm of national renown, the Authority will accept it; however, it does not eliminate the Authority Members' ability to look at it and use their own judgement as it whether they believe it is reasonable. This policy will relieve staff from an enormous amount of work in getting projections in standard GAAP format and assumptions to run consistently across the different accounting policies.

Dr. Kazmir asked if this was a new concept to which Mr. Troy said it is an old concept and based on recent experience, one that we feel will protect the Authority and investors going forward for these types of transactions. The Authority used to require feasibility studies for almost all large transactions. Hospitals present projections in GAAP format, and we understand and have worked with their assumptions for decades. We are familiar with what is happening in hospital economics and are able to fare it out; however, with the small start-up, non hospital entities, we do not have the experience so while we eliminated the requirement of a feasibility study unless it was needed to market the bonds, on these small startups we don't have the same reliability of information and don't have the expertise of knowing how many patients, clients, residents, they are going to have so we need to rely on something more than their projections. A market study is helpful but when their projections don't match up to the market study, staff had to do the work to verify the information which took a considerable amount of time. Mr. Troy noted this will provide consistency to the borrowers as well because standard procedures are involved.

In answer to Dr. Kazmir's question, Mr. Hopkins noted that any independent nationally or regionally recognized firm can be selected by the borrower. Mr. Troy mentioned that under current standards, a firm that doesn't have the expertise should not accept the engagement.

Dr. Kazmir asked if we could encourage the borrowers to use minority, women owned firms to which Mr. Hopkins said the selection is up to the borrower. Mr. Troy noted that having been recently to a PA Institute of CPAs leadership conference, all firms are working diligently in the area of diversity and inclusion.

Dr. Kazmir asked for a motion to adopt the resolution requiring an examination of management's forecast by an independent public accountant for non-hospital start-up, single purpose entities. Mr. Lovell offered the motion. Ms. Ford seconded the motion. Dr. Kazmir asked if the Members had any questions or comments on the motion. There were no questions. He then called for a vote. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. SS-27

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution requiring an examination of management's forecast by an independent certified public accountant for non-hospital start-up, single purpose entities seeking financing from the Authority and a Privity Letter thereon in a format acceptable to the Authority.

6. APPROVAL OF EXPENSES

Dr. Kazmir referenced a summary of Authority expenses and invoices provided to the Members. Ms. Ford made the motion to approve the expenses. Ms. Rodriguez seconded. Dr. Kazmir 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 and the resolution was approved to approve the bills and to authorize their payment.

AB RESOLUTION NO. SS-28

WHEREAS, the Members of the Authority have reviewed the memoranda dated September 19, 2018 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of $43,981 and $12,873.09 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

Dr. Kazmir thanked Staff for the Project Development Summary, Cash Reconciliation Report, and Legislative Advisory reports.

Dr. Kazmir asked Executive Director Hopkins to present his Executive Director's report.

Mr. Hopkins reported the following:

1. Finance Committee Members: Ms. Rodriguez and Dr. Kazmir, are reminded that there will be a Finance Committee meeting immediately following the next Authority meeting on October 25, 2018 to discuss the draft Authority budget for 2019. Copies of the draft budget will be delivered with your meeting packets a week before the meeting.

2. On August 21st, New Solutions completed its Organizational Review & Assessment of the State Psychiatric Hospitals. A copy of the Executive Assessment is on the table today along with the Department of Health's Action plan for the Psychiatric Hospitals and a Fact Sheet. Staff will be happy to make copies for you upon request.

3. **Hospital & Other News**

a. Inspira unveiled its renovated emergency room at its Bridgeton hospital in late August. The $2.5 million renovation created separate emergency areas for behavioral and medical emergency patients, increased treatment areas from 12 to 17, created a new medical waiting area and a results waiting area.

b. University Hospital is partnering with the Newark Public Schools to expand access to health education and services to Newark students and their families.

c. RWJBarnabas Health's CEO Barry Ostrowsky told Politico that RWJBarnabas would consider forming a public-private partnership to manage University Hospital in Newark.

d. RWJBarnabas Health and the New Jersey Innovation Institute have partnered with the Ocean County Department of Business Development and Tourism to seek ideas on how to reduce health care spending through the Smart Hospital Challenge. Entrepreneurs and companies are invited to submit proposals on NJII's website on how to harness health technology innovation to update and streamline hospital facilities and operations.

e. Atlantic Health System is establishing a regional campus of Thomas Jefferson University's Sidney Kimmel Medical College at AHS's Morristown Medical Center and Overlook Medical Center. The program will offer six third-year medical students real world experience at the hospitals.

f. Thomas Jefferson University also announced that its affiliate, Jefferson Health, had signed a definitive agreement to acquire Einstein Healthcare Network in the greater Philadelphia area. The acquisition is subject to approvals from Pennsylvania. Jefferson Health acquired the Kennedy Health System in New Jersey last year.

4. In ratings news:

(i) Moody's has affirmed its "Aa3" rating on approximately $830 million of bonds issued on behalf of Atlantic Health System, including over $511 million issued by the Authority, with an outlook of stable.

(ii) Moody's has affirmed its "Baa1" rating on Cooper Health System with an outlook of stable.

(iii) Moody's has affirmed its "Baa2" rating on approximately $36 million of bonds issued by the Authority on behalf of Holy Name Medical Center. The outlook was revised from negative to stable.

(iv) Moody's has assigned an "A3" rating to $61 million in bonds to be issued by the Pocono Mountains Industrial Park Authority on behalf of St. Luke's University Health Network and it affirmed its rating of other debt issued on behalf of St. Luke's including $37.4 million issued by the Authority. The outlook is stable.

(v) Moody's also released a Flashcard with key medians for 303 hospitals for each year from 2013 through 2017.

(vi) Fitch released a Special Report on 2018 Median Ratios for Nonprofit Hospitals and Healthcare Systems noting that operating margins are under siege but balance sheet indicators remain at all-time highs. A number of other articles have been provided on the decline of hospital operating margins.

5. In State Health Care News:

g. New Jersey health care premiums are slated to drop 9.3% on average due largely to a State law that requires everyone to purchase health insurance, replacing the federal law requiring the same which was rescinded, and another State law creating a reinsurance program using Federal and State money to reimburse insurers 60% of health care claims between $40,000 and $215,000 for an individual person in a year.

h. Earlier this month, Governor Murphy signed a bill that could add $24 million in funds to pay for graduate medical students at New Jersey teaching hospitals.

i. The Department of Human Services announced plans to extend Medicaid coverage for advanced care planning, discussions with health care professionals about a patient's final wishes and how they would like to receive care at the end of their lives, including whether they would prefer extraordinary measures to be taken or whether they would like palliative care and hospice services.

j. New Jersey legislators are pursuing legislation to improve insurance coverage for behavioral health diagnoses, by bringing the coverage in line with coverage for medical diagnoses.

k. Legislation has also been introduced to update and improve New Jersey's process for determining who is eligible to receive Medicaid and help eligible people to enroll.

l. The New Jersey Hospital Association has launched a data analysis initiative, called the Center for Health Analytics, Research and Transformation (or CHART) to help New Jersey hospitals identify trends in public health and medical treatment.

m. The Camden Coalition of Healthcare Providers has joined the New Jersey Health Information Network which centralizes and provides easy access to medical histories and medications to health care providers.

n. The Illinois Supreme Court has ruled its property tax exemption for non-profit hospitals is constitutional. The case, which does not directly affect New Jersey, may be used as an example after a New Jersey State court ruled that Morristown Medical Center was not entitled to a property tax exemption on all of its hospital facility due to private use, which triggered litigation and/or property tax on more than two dozen other hospitals in New Jersey. The upheld Illinois law states that non-profit hospitals do not have to pay property taxes as long as the value of the charity services they provide is equal to or greater than the taxes they would have paid.

o. Other articles on New Jersey health care being provided include: (i) the $12 million supportive housing partnership between the New Jersey Housing and Mortgage Finance Agency and the New Jersey Hospital for homeless residents who are often super-utilizers of hospital emergency services as a result of not having access to care before their illness becomes an emergency; (ii) articles on the ability to improve New Jersey's State Psychiatric Hospitals in response to the New Solutions report; and (iii) how New Jersey's agreement with State employee unions to save over $500 million in health care benefits costs will affect the State's finances.

6. In National Health Care News:

p. The National Association of Accountable Care Organizations sponsored study indicates that Accountable Care Organizations cut medical costs by $1.84 billion from 2013 to 2015. After accounting for shared savings payments to providers, the net saving to Medicare was $542 million over the three years, according to the study. The Centers for Medicare and Medicaid Services contends that ACOs increased Medicare spending by $344 million over the same three-year period.

q. The Robert Wood Johnson Foundation predicts Affordable Care Act Health Care Marketplace premiums will stabilize in 2019, with average increases less than 4%.

r. Other articles on national health care provided include: (i) A New York Times article on the federal 340B medication program that requires pharmaceutical companies to sell medications to hospitals in low-income areas (including that many more have qualified as such in recent years) at steep discounts but allows the hospitals to charge retail rates for the medications; (ii) an NPR article on why hospitals are investing in real estate, citing the example of Nationwide Children's Hospital in Columbus, Ohio acquiring a significant amount of homes in its underprivileged neighborhood, improving neighborhood living conditions and making the homes affordable for families to stop the cycle of poverty negatively affecting health; and (iii) a CNBC article on a $260 million settlement paid by Health Management Associates, a subsidiary of Community Health Systems, to the Department of Justice for criminal fraud charges alleging kickbacks to physicians.

7. In Regulatory, Municipal Bond and Tax News, articles are being provided on:

s. A commentary on the revised Rule 15c2-12 requiring disclosure of two additional events: (i) incurrence of any additional financial obligation by the obligor on bonds, if material, or agreements to covenants, events of default, remedies, priority rights, etc., if material which affect the security of the holders of bonds; and (ii) any default, event of acceleration, termination event, modification of terms, or other similar events under the terms of the financial obligation of the obligor which reflect financial difficulties of the obligor.

t. The Municipal Securities Rulemaking Board is asking municipal bond market participants for input on the use of indices, yield curves and other benchmarks to gauge which information is helpful or important to market participants in an effort to determine what information the MSRB might provide on its EMMA website.

u. The National League of Cities survey found that 61% of respondents predicted negative impacts from the loss of advance refundings and 35% said they have already experienced negative impacts.

v. At its September meeting that concluded yesterday, the Federal Open Markets Committee of the Federal Reserve voted to increase the federal funds interest rate another 25 basis points to a target range of 2.00% to 2.25%. It also indicated there is likely to be one more interest rate increase in 2018, raising the total increases to four in 2018.

8. Authority News

w. As a reminder, I will be leaving for a vacation to China immediately following this meeting and will be returning to the office the afternoon of October 16, 2018. Ron Marmelstein will be Acting Executive Director in my absence. I will have very limited access to emails and phone service while I am away.

As there was no further business, following a motion by Ms. Ford and a second by Mr. Lovell, the Members voted unanimously to adjourn the meeting at 9:50 am.

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF MINUTES OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY MEETING HELD SEPTEMBER 27, 2018

Carole Conover

Carole A. Conover, Assistant Secretary