Minutes of the New Jersey Health Care Facilities Financing Authority Meeting held on November 21, 2019 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 (Public Member) (Chairing); Manny Paulino, Designee of the Commissioner of Banking and Insurance; Greg Lovell, Designee of the Commissioner of Human Services; via telephone, Richard Goldin, Designee of the Commissioner of Health; and Suzette Rodriguez, Public Member

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

Mark Hopkins, Frank Troy, Ron Marmelstein, Carole Conover, Bill McLaughlin, Alpa Patel, Edwin Fuentes, Ellen Lieber, Neetu "Nikki" Thukral, Diane Johnson, Jessica Lucas, Taryn Brzdek, Cindy Kline, John Johnson and Chris Kniesler

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

George Loeser, Attorney General's Office; Stephanie Brown, Governor's Authorities Unit; John Kelly, Wilentz, Goldman & Spitzer P.A.; David Hughes, Chief Financial Officer and Robert Wood, Director of Finance, Shore Memorial Hospital; Niles Murphy, Hawkins Delafield & Wood, LLP; Rob Bahara, Echo Financial; and, via telephone, Judy Morgan and Danny Seto, Willis of New Jersey, Inc.

CALL TO ORDER

Dr. Kazmir called the meeting to order at 10:08 a.m. and announced that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 23, 2019 Authority meeting. 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.

Dr. Kazmir welcomed Manny Paulino to the Authority meeting. Dr. Kazmir informed the Members that Maryann Kralik had retired and that Commissioner Caride has appointed Mr. Paulino as her designee.

1. APPROVAL OF MINUTES
October 24, 2019 Authority Meeting

Minutes for the Authority's October 24, 2019 regular meeting were distributed for review and approval prior to the meeting. Dr. Kazmir asked for a motion to approve the minutes. Mr. Lovell made the motion. Ms. Rodriguez seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions or comments. Dr. Kazmir then called for a vote. All Members voted in the affirmative and the minutes were approved.

2. NEGOTIATED BOND SALE REQUEST
Shore Memorial Hospital

Dr. Kazmir asked Edwin Fuentes to provide the Members with the details of the Shore Memorial Hospital transaction.

Mr. Fuentes advised the Members that his presentation would serve as both a negotiated sale request and an informational presentation. He then introduced David Hughes, Chief Financial Officer, and Robert Wood, Director of Finance from Shore Memorial Hospital.

Mr. Fuentes told the Members that Shore Memorial Hospital, d/b/a Shore Medical Center (the "Medical Center"), is a 203-bed not for profit acute care, tax-exempt hospital located in Somers Point, New Jersey. The Medical Center provides general health care services to residents within its geographic location for a wide range of inpatient and outpatient services, including medical, surgical, obstetrical, gynecological, pediatric, emergency and ambulatory care. Shore Memorial Health System, the parent company of the Medical Center, has over 1,500 employees and volunteers, and more than 370 physicians.

According to Mr. Fuentes, the Medical Center has approximately $49.5 million of bonds outstanding with this Authority. Per the audited annual financial information for Shore Medical Center, excess revenue over expenses increased from $15.6 million in 2017 to $26.6 million in 2018, a 70.2% increase. The majority of the increase comes from a rise in total operating revenues from $179.6 million in 2017 to $194.4 million in 2018. Days Cash on Hand in 2018 was 193.81, representing an 18.75 day drop from 2017. Mr. Fuentes noted, however, the drop was less than the Statewide Median for the same period, which fell 46.38 days. The Medical Center's operating margin for 2018 was 12.32, significantly greater than the Statewide Median of 4.03. Debt Service Coverage Ratio was 4.47 times.

Mr. Fuentes reported that the unaudited 6-month interim financial statements ending June 30, 2019 show excess revenue over expenses remaining relatively steady compared to the same period in 2018. In addition, the Medical Center's Annual Inpatient Utilization Trends from 2017 to 2018 indicate a slight increase in inpatient days of 261, a very slight decrease in inpatient admissions from 9,090 to 8,888, an increase in occupancy rate from 29.95% to 30.2%, and an increase in average length of stay from 3.52 to 3.63 days.

Mr. Fuentes stated that Shore Memorial Hospital signed a Memorandum of Understanding with the Authority to undertake a tax-exempt financing of approximately $51 million, the proceeds of which will be used to (i) refund, redeem, retire and/or legally defease all or a portion of the following outstanding bonds issued by the Authority: (a) Revenue Bonds, Shore Memorial Hospital Obligated Group Issue, Series 2009, (b) Revenue Bonds, Shore Memorial Hospital Obligated Group Issue, Series 2010, (c) Revenue Bonds, Shore Memorial Hospital Obligated Group Issue, Series 2011, and (d) Refunding Bonds, Shore Memorial Hospital Obligated Group

Issue, Series 2013 (collectively, the "Refunded Bonds"), (ii) fund a debt service reserve fund, if necessary, and (iii) pay the related costs of issuance.

Mr. Fuentes told the Members that the Attorney General's Office has assigned Wilentz, Goldman & Spitzer P.A. to serve as Bond Counsel for this transaction. In addition, the Medical Center has conducted a competitive process and selected BB&T Community Holdings as the purchaser of the Series 2019 bonds.

Mr. Fuentes informed the Members that the Medical Center has asked that the Authority permit the use of a negotiated sale in the form of a private placement based on volatile market conditions, and structuring the financing as a variable rate transaction**.** These reasons are considered under the Authority's policy regarding Executive Order #26, to be justifications for the use of a negotiated sale.

Mr. Fuentes explained that, under the Authority's policies, a borrower who is requesting a private placement form of a negotiated sale must justify the use of a private placement by showing it is less expensive on a present value basis to complete a private placement or that there are other circumstances that would limit the effectiveness or usefulness of a negotiated sale using a public offering. The Medical Center has conducted an analysis and, per the terms of the commitment with BB&T Community Holdings, believe a private placement would: (i) reduce the Medical Center's variable interest rate through a significant reduction in the applicable margin on the Series 2009, 2010, and 2013 bonds, thereby decreasing interest expense; (ii) reduce the interest rate on the Series 2011 bonds and achieve debt service savings, (iii) extend the funding commitment term on the Series 2009 and Series 2010 bonds from 2023 to 2029, (iv) consolidate four separate outstanding bond issues into one and thereby creating new modern documentation, (v) allow the option to prepay the refunding bonds at any time without penalty. Ultimately, the Medical Center expects the proposed refunding to achieve overall net present value savings of approximately $1.1 million.

Mr. Fuentes concluded by saying that staff recommends the consideration of the resolution approving the use of a negotiated sale in the form of a private placement and the forwarding a copy of the justification in support of said resolution to the State Treasurer.

Mr. Fuentes said that he, Mr. Hughes or Mr. Wood would answer the Members' questions. There were no questions.

Dr. Kazmir asked for a motion to approve the resolution authorizing a negotiated bond sale in the form of a private placement on behalf of Shore Memorial Hospital. Mr. Lovell made the motion. Mr. Paulino 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. TT-32

NOW, THEREFORE, BE IT RESOLVED, THAT THE AUTHORITY HEREBY ADOPTS THE RESOLUTION ENTITLED "RESOLUTION OF INTENT TO ISSUE REVENUE BONDS BY NEGOTIATED TRANSACTION PURSUANT TO EXECUTIVE ORDER NO. 26."

(attached)

3. TEFRA AND CONTINGENT BOND SALE

Dr. Kazmir announced that the following portion of the meeting was a public hearing in connection with the Shore Memorial Hospital transaction. He stated that this hearing is taking place in accordance with the public notice and approval requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended.

Dr. Kazmir called upon Edwin Fuentes to present the request for a contingent bond sale on behalf of Shore Memorial Hospital.

Mr. Fuentes told the Members that they are being asked to approve a contingent sale of tax-exempt bonds on behalf of Shore Memorial Hospital. He then introduced John Kelly of Wilentz Goldman and Spitzer, Bond Counsel, to present the Bond Resolution for the Shore Memorial Hospital transaction.

Mr. Fuentes said that, following Mr. Kelly's presentation, he, Mr. Kelly, Mr. Hughes or Mr. Wood would answer questions from the Members or the public.

BOND RESOLUTION

John Kelly of Wilentz, Goldman & Spitzer, P.A., the Bond Counsel, stated that the Bond Resolution authorizes the issuance of the tax-exempt Series 2019 Bonds in an aggregate principal amount not in excess of $51,000,000, and provides that the Series 2019 Bonds shall have a final maturity date of no later than July 1, 2039. The Bond Resolution provides that, from their date of issuance to the first monthly interest reset date, the Series 2019 Bonds shall bear interest at the Direct Purchase Rate, as set forth in the Trust Agreement; provided that such Direct Purchase Rate shall not exceed six percent (6.00%) per annum, and thereafter the Series 2019 Bonds shall bear interest at the rate determined in accordance with the provisions of the Trust Agreement, provided that in no event shall the interest rate on such Series 2019 Bonds exceed the maximum rate permitted by law. The Series 2019 Bonds will be subject to redemption prior to maturity as set forth in the Trust Agreement, provided, that the redemption price cannot be greater than 105%. The Series 2019 Bonds will be issued for the purposes of: (i) refunding, redeeming, retiring and/or legally defeasing all or a portion of the following outstanding bonds issued by the Authority: (a) Revenue Bonds, Shore Memorial Hospital Obligated Group Issue, Series 2009, (b) Revenue Bonds, Shore Memorial Hospital Obligated

Group Issue, Series 2010, (c) Revenue Bonds, Shore Memorial Hospital Obligated Group Issue, Series 2011, and (d) Refunding Bonds, Shore Memorial Hospital Obligated Group Issue, Series 2013 (collectively, the "Refunded Bonds"), (ii) fund a debt service reserve fund for the Series 2019 Bonds, if necessary, and (iii) pay certain costs incurred in connection with the issuance and sale of the Series 2019 Bonds.

The Series 2019 Bonds will be issued by the Authority under and pursuant to a Trust Agreement by and between the Authority and TD Bank, National Association, as Bond Trustee. The Series 2019 Bonds will be secured by payments to be made by Shore Memorial Hospital, under its Loan Agreement with the Authority, as evidenced and secured by a promissory note of Shore Memorial Hospital, and amounts on deposit in certain funds held by the Bond Trustee. The promissory note will be issued under a new Master Trust Indenture by and between Shore Memorial Hospital and TD Bank, National Association, as Master Trustee. The promissory note will be secured by a gross revenue pledge of the Obligated Group under the MTI and a mortgage on certain real property owned by Shore Memorial Hospital.

The Bond Resolution also approves the form of and authorizes the execution of the Direct Bond Purchase Agreement with BB&T Community Holdings Co. for the purchase of the Series 2019 Bonds. The Direct Bond Purchase Agreement must be executed prior to the close of business on February 26, 2020. No disclosure document is being prepared in connection with the Series 2019 Bonds and, as a result, the Bond Resolution requires BB&T Community Holdings Co. to provide the Authority with a travelling purchaser's letter on or prior to the date of closing.

Additionally, the Bond Resolution approves the form of, and authorizes the execution of (i) the Series 2019 Bonds, (ii) the Loan Agreement, (iii) the Trust Agreement, and (iv) a Calculation Agent Agreement relating to the Series 2019 Bonds. Further, the Bond Resolution appoints TD Bank, National Association, as Bond Trustee, Bond Registrar and Paying Agent for the 2019 Bonds. In addition, the Bond Resolution also authorizes the Authorized Officers to execute and deliver such other documents and to take such other action as may be necessary or appropriate to effectuate the issuance of the Series 2019 Bonds, and the refunding, redemption and defeasance of the Refunded Bonds.

Dr. Kazmir asked for a motion to approve the resolution authorizing a contingent bond sale on behalf of Shore Memorial Hospital. Mr. Lovell made the motion. Mr. Paulino seconded. Dr. Kazmir asked if the Members or the public had any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. TT-33

NOW, THERFORE, BE IT RESOLVED, that the Authority hereby approves the Resolution entitled "**A RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REFUNDING BONDS, SHORE MEMORIAL HOSPITAL OBLIGATED GROUP ISSUE, SERIES 2019.**"

(attached)

Dr. Kazmir then closed the public hearing in accordance with Section 147(f) of the Internal Revenue Code of 1986, as amended regarding the proposed financings on behalf of Shore Memorial Hospital.

Dr. Kazmir asked if the representatives from Shore Memorial Hospital had anything to add.

Mr. Hughes thanked the Authority for its support and commended the organization for doing a great job. He added that this bond deal would help them reduce their debt.

Mr. Wood thanked the Authority, particularly Edwin and Bill for pulling the deal together on such short notice.

4. BOND SALE REPORT
RWJBarnabas

Dr. Kazmir asked Bill McLaughlin to update the Members on the recent bond sale on behalf of RWJBarnabas.

Mr. McLaughlin reported that, on October 24, 2019, Authority staff along with Citigroup, as the senior managing underwriter, priced the $230,080,000 publicly issued tax-exempt Series 2019A and Series 2019B bond financing on behalf of RWJ Barnabas Health. The bonds were rated "AA-" by Standard & Poor's and "A1" by Moody's Investors Service.

According to Mr. McLaughlin, the proceeds of the Series 2019A and Series 2019B bonds will be used to: (i) currently refund, redeem and/or legally defease all or a portion of the following outstanding bonds: (a) Revenue and Refunding Bonds, Barnabas Health Issue, Series 2011B, (b) Revenue Bonds, Robert Wood Johnson University Hospital Issue, Series 2014B, (c) Variable Rate Revenue Bonds, RWJ Health Care Corp. at Hamilton Obligated Group Issue, Series 2002, and (d) Refunding Bonds, RWJ Barnabas Health Obligated Group Issue, Series 2017B; (ii) finance and/or reimburse the Borrower for the costs of planning, development, acquisition, construction, equipping, expansion, furnishing and renovation of all or a portion of the various capital projects of the Borrower and its affiliates; and (iii) pay certain costs incurred in connection with the issuance and sale of both Series 2019 Bonds.

Mr. McLaughlin informed the Members that the transaction was structured with two series of bonds. Series 2019A is structured as fixed rate serial bonds maturing from 2020 to 2029. Series 2019B is structured as three variable rate term bonds initially sold in the fixed rate mode maturing in 2042, 2043 and 2045. Each of the Series 2019B term bonds has a mandatory purchase date prior to maturity at which time bonds may be reissued or retired. These dates occur in 2024, 2025 and 2026.

Mr. McLaughlin reported that the order period began at 9:15 a.m. with the following priority of orders: New Jersey retail; national retail; net designated and members. At the conclusion of the order period, the underwriting team had received orders totaling approximately $923 million from more than 34 unique investors. This oversubscription led to the underwriting team adjusting the yields downward throughout the structure, resulting in a decrease in the all-in total interest cost from 1.67% to 1.63%.

Mr. McLaughlin said that Citigroup made an offer to underwrite the bonds at the new levels and Staff gave the verbal award. Yields on the Series 2019A bonds ranged from 1.25% for the 2020 maturity to 1.88% for the 2020 maturity. The Series 2019B bonds were priced to the respective mandatory purchase dates: for the term bond maturing on July 1, 2042 with a mandatory purchase in 2025, a yield to call of 1.57%; for the term bond maturing on July 1, 2043 with a mandatory purchase in 2024, a yield to call of 1.49%; and for the term bond maturing on July 1, 2045 with a mandatory purchase in 2026, a yield to call of 1.66%. This transaction closed on October 30, 2019.

Mr. McLaughlin concluded by telling the Members that the Bond Pricing Summary provided in their meeting materials contained more details if they were interested. He then offered to answer any questions from the Members.

Dr. Kazmir thanked Mr. McLaughlin for his report and asked if the Members had any questions. There were no questions.

5. DIRECTORS AND OFFICERS LIABILITY INSURANCE/EMPLOYMENT PRACTICES LIABILITY POLICY RENEWAL

Dr. Kazmir called on Controller Alpa Patel to provide details of the Directors and Officers Liability Insurance/Employment Practices Liability Policy renewal.

Ms. Patel began by introducing Judy Morgan and Danny Seto, the representatives from the insurance broker, Willis of New Jersey, Inc., who were participating by telephone.

Ms. Patel reminded the Members that the Directors and Officers Liability Insurance/Employment Practices Liability Policy ("D&O/EPL") provides protection to past, present and future members of the Authority board, committee members, officers and staff. It is a claims made policy and provides coverage for a claim that is first made against the policy and reported in writing to the insurer.

According to Ms. Patel, the Authority's current $20 million D&O/EPL policy is provided through AIG in the amount of $10 million primary and Zurich American Insurance Company in the amount of $10 million excess. The policy expires on December 18, 2019. The expiring policy is a one-year policy with a total premium of $70,500 plus a New Jersey surcharge of $423, for a total of $70,923. The AIG primary $10M policy includes premium for D&O/EPL of $39,581 and EPL of $7,919 and a New Jersey surcharge of $285. The Zurich premium for excess $10M D&O/EPL policy is $23,000 plus NJ surcharge of $138. The deductible on the expiring policy is $175,000.

Ms. Patel told the Members that, earlier this year, the State of New Jersey appointed Willis of New Jersey, Inc. ("Willis") as the new broker to handle insurance for the State. As a result, Willis was authorized to negotiate with any insurance company on behalf of the Authority.

Ms. Patel then asked Judy Morgan of Willis to discuss the current market conditions in the insurance sector, summarize the insurance carriers Willis marketed to on the Authority's behalf, the changes in the D&O/EPL policy from 2019 to 2020 and Willis' recommended program and premium costs.

Ms. Morgan stated that, over the past few years, AIG has quoted on primary D&O/EPL and has limited their quote to a $10M policy. Willis also marketed the account to nine other carriers: Travelers, Arch, CNA, Philadelphia, Professional Governmental Underwriters, The Hartford, Beazley, Chubb, and Zurich American Insurance Company to obtain a quote for primary $10M policy. Ms. Morgan reported that some carriers declined to quote and others were not able to offer lower premiums than AIG for the primary $10M policy and Zurich American Insurance Company for the supplementary $10M policy. Ms. Morgan then asked Danny Seto to explain the process.

According to Mr. Seto, due to market conditions and growing instability of D&O/EPL insurance sector, the premiums being quoted to the Authority were higher. The premiums for similar primary coverage increased in 2020 from $39,581 for D&O to $42,715 (7.92%) and EPL from $7,919 to $13,700 (73.00%) plus a New Jersey surcharge. The Zurich quote for $10M excess insurance remained the same at $23,000. In order to keep the premium within reasonable limit based on recommendation by Willis that $5M of EPL coverage for an organization of our size and type would be reasonable, the Authority decreased the EPL coverage with AIG from $10M to $5M and increased the deductible for the policy, as a whole, from $175,000 to $250,000. The revised quote from AIG is $10M D&O for a premium of $40,995 (an increase of 3.57%) and $7,700 for $5M in ELP coverage a 2.77% decrease plus the $292 NJ surcharge. Zurich was asked to remove the excess coverage for EPL, which resulted in reducing its original quote from $23,000 to $20,000 plus a $120 New Jersey surcharge on the $10M D&O excess policy for a total of $20,120. The total premium for both policies is $69,107 or a 2.56% decrease from last year.

Ms. Patel concluded by saying that staff is asking the Board to approve the renewal of Directors and Officers Liability and Employment Practices Liability for the period December 18, 2019 to December 18, 2020.

Ms. Patel then said that she and the Willis' team would be more than happy to answer any questions from the Members.

Dr. Kazmir asked if the Authority had made any claims against the policy. Ms. Morgan responded that she was unaware of any claims. Ron Marmelstein confirmed that no claims have ever been made against the policy.

Dr. Kazmir asked why, if no claims have ever been made, the premiums were increasing?

The question resulted in a lengthy discuss about the current state of the liability industry, the trend of assigning premiums based on the claims within an entire business sector as opposed to just the insured entity and the method of determining premiums for government agencies.

Mr. Hopkins summed up the discussion by reminding the Members that this is Willis' first year as the Authority's broker and that, as they learn more about the Authority's business, hopefully, they will be able to obtain lower premiums.

Dr. Kazmir asked for a motion to approve the resolution authorizing the renewal of the Directors and Officers Liability Insurance/Employment Practices Liability Policy with AIG and Zurich American Insurance Company. Mr. Lovell made the motion. Mr. Paulino seconded. Dr. Kazmir asked if the Members or the public had any questions on the motion. There were no questions. All Members voted in the affirmative and the resolution was approved.

AB RESOLUTION NO. TT-34

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves the renewal of the Directors and Officers Liability Insurance policy with National Union Fire Insurance Company of Pittsburgh (AIG) and Zurich American Insurance Company.

6. APPROVAL OF EXPENSES

Dr. Kazmir referenced a summary of Authority expenses and invoices provided to the Members. Mr. Lovell made the motion to approve the expenses. Mr. Paulino seconded. Dr. Kazmir asked if there were any questions on the motion. There were no questions. Dr. Kazmir 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. TT-35

WHEREAS, the Members of the Authority have reviewed the memoranda dated November 13, 2019 summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and general operating expenses in the amounts of $7,000.00 and $12,026.42 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 Update.

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

Mr. Hopkins reported the following:

1. Mr. Hopkins thanked the Authority Members who completed their State ethics training.

2. Hospital & Other News

    a. Inspira Medical Center in Mullica Hill, Gloucester County's first new hospital in 45 years, is expected to open on or about December 8. The 210-bed hospital was largely financed by tax-exempt bonds issued by the Authority. Inspira also unveiled state-of-the-art electronic health records, patient access and educational tools that will be available in the new hospital.

    b. Governor Murphy attended the groundbreaking for Valley Hospital in Paramus on November 1. The new hospital will replace Valley's hospital in Ridgewood and have 372 beds. It will cost an estimated $800 million, $356,410,000 of which will be raised from tax-exempt bonds approved by the Authority at its October 24 meeting which priced yesterday and are expected to close in early December.

    c. The fallout continues from the announcement that RWJBarnabas Health has entered into a letter of intent to acquire Christ Hospital in Jersey City and Hoboken University Medical Center from CarePoint but not Bayonne Medical Center. According to press reports, CarePoint is seeking a separate purchaser for Bayonne Medical Center. The Mayor of Bayonne and legislators representing the district are taking several steps to ensure the hospital remains open, including by creating a municipal hospital authority to acquire the hospital if another purchaser is not found. The property on which Bayonne Medical Center is located was recently transferred from Medical Properties Trust, a publicly traded company, to WTFK Propco, LLC, which is owned by Avery Eisenreich who is also owner of Alaris Health. Alaris Health owns more than 20 nursing homes in northern New Jersey. CarePoint also issued Worker Adjustment and Retraining Notices (WARN notices) to the more than 2,000 employees of Christ Hospital and Hoboken University Medical Center as a result of the potential sale to RWJBarnabas Health.

d. Deborah Heart and Lung Center received a $5 million donation from Greg Olsen, the CEO of Princeton-based GHO Ventures, LLC, which manages angel investments. Mr. Olsen travelled into space as a private citizen to the International Space Station on a Russian Soyuz rocket in 2005. He credits Deborah with clearing up a health issue that would have otherwise prevented him from traveling into space. The donation is largest single donation in Deborah's 97-year history and one of the largest to any New Jersey hospital. The funds will go to Deborah100: The Campaign, a multiyear initiative to add new patient floors, all with private inpatient suites, to the Browns Mills-based specialty cardiac, pulmonary and vascular hospital.

e. CentraState Medical Center in Freehold recently announced the completion of its solar carport installation on its campus, which follows the completion of a solar farm elsewhere on its property. The projects, installed by KDC Solar, will generate 61% of CentraState's energy and provide about $500,000 in energy cost savings a year.

f. University Hospital has named Dr. Chris T. Pernell as its Chief Strategic Health and Health Equity Officer. Dr. Pernell previously was the program leader for the 1199 SEIU/League Labor Management Initiatives Workplace and Community Health Program.

g. Samaritan Healthcare & Hospice is planning a new headquarters in Mount Laurel, moving into a 27,600 square foot office building while leaving its former 21,000 square foot headquarters in Marlton.

h. RWJBarnabas Health has joined 13 other large hospital systems around the country in the Healthcare Anchor Network to commit over $700 million in investments in their local communities. The commitment includes investing capital to address social determinants of health, including affordable housing, building new grocery stores in food deserts, creating childcare centers, federally qualified health centers and utilizing and supporting local, minority-owned, women-owned and veteran-owned businesses.

i. Geisinger, the parent company of AtlantiCare, was in the news several times in the last month. Its Geisinger Commonwealth School of Medicine has created a program that will offer debt-free medical school and living assistance to medical students who agree to work in primary care at the health system after they graduate. Its joint venture 80-bed hospital with St. Luke's University Health Network in Orwigsburg, Pennsylvania is opening this month. Its DNA sequencing program identified genetic risks in 5,000 people, of the 255,000 who consented to participate in the program, in its first year. Finally, the Geisinger Health Plan experienced a data breach from a phishing attack on a third party vendor. It appears the hack was only used to send spam emails.

j. In ratings actions:

   i. Moody's Investors Service affirmed its "Aa3" rating on Atlantic Health System with the outlook remaining "Stable."

   ii. Moody's Investors Service assigned an "Aa3" rating on approximately $529 million University of Pennsylvania Health System's proposed Series A of 2019 bonds with an outlook of "Stable." The "Aa3" rating on its outstanding bonds, including bonds issued by Princeton Health Care System, which is now part of Penn, was affirmed.

   iii. S & P Global Ratings assigned the approximately $400 million in bonds to be issued by the Authority on behalf of Valley Health System an "A" rating with an outlook of "Stable." As reported last month, Fitch has assigned a rating of "A+" to the bonds.

   iv. Fitch Ratings, Moody's Investors Service and S & P Global Ratings assigned ratings of various bonds issued for Trinity Health Credit Group "AA-," "Aa3" and "AA-," respectively, all with an outlook of "Stable." Trinity is the parent company of St. Francis Medical Center in Trenton.

In State Health Care News:

k. The fall 2019 Leapfrog Hospital Safety Report Card ranked 32 New Jersey hospitals an "A" for safety making it eighth best in the nation, down from sixth last spring and down from first in the fall of 2018. No hospitals received a failing score. The full list of Leapfrog scores was provided with Authority Members news articles.

l. Healthgrades recognized several New Jersey hospitals as being among the top in the nation for quality and safety in one or more of 16 service lines. The full list of Healthgrades top New Jersey hospitals was provided with Authority Members news articles.

m. The New Jersey Hospital Association has joined with their counterparts in Ohio and Pennsylvania to create Q3 Health Innovation Partners to improve quality and patient safety. The association's intent is to collaborate on research, quality improvement and population health strategies.

n. Eleven New Jersey hospitals are participating in a statewide initiative to reduce emergency room opioid prescriptions by more than 25% in the next year. The program is called the Opioid Reductions Option and the State is investing $1 million to help the participating hospitals to develop and implement protocols to ensure clinicians consider alternatives to prescribing opioids.

o. Six New Jersey hospitals are receiving incentives to create affordable housing from the New Jersey Housing and Mortgage Finance Agency. Frequent users of hospital emergency rooms often are unable to recover or do not get needed follow up treatment or prescriptions because they are homeless, causing them to return to the emergency rooms. This program is striving to end that cycle.

p. The Robert Wood Johnson Foundation has awarded New Jersey Community Capital a $750,000 grant to create affordable housing and community health facilities in low-income communities throughout New Jersey. The grant will support the newly established Partnership to Invest in Transformative Community Health, or "PITCH," a community health fund working to advance health equity in economically distressed communities.

q. The Newark Regional Business Partnership recently held a panel discussion on "How Technology is Changing Health Care."

r. Assemblyman Nicholas Chiaravalloti has introduced three bills to improve financial disclosure of hospitals. Assemblyman Chiaravalloti represents Bayonne and his bills are aimed at making sure information on management contracts with interested parties and sale-leaseback agreements are fully disclosed. These were areas cited as lacking in the State Commission of Investigation's May report on CarePoint Health System.

s. Accountable Care Organizations (ACOs) in New Jersey are having success cutting costs of the delivery of services to Medicare beneficiaries according to the Centers for Medicare and Medicaid Services (CMS). For instance, the Hackensack Alliance Accountable Care Organization, one of Hackensack Meridian Health's ACOs, realized $49.3 million on savings for 2018 and three of Atlantic Health System's ACOs saved nearly $10 million.

t. CMS will be paying more than 1,500 participating hospitals a total of about $1.9 billion in fiscal 2020 under CMS' Hospital Value-Based Purchasing Program. Approximately 55% of the participants in the program achieved bonuses on their inpatient prospective payment system payments from Medicare based on the quality of care the hospital delivers to patients. The goal is to improve quality and move away from pure fee for service. However, the U.S. Government Accountability Office called into doubt the overall efficacy of the program finding it "generally reinforced ongoing quality improvement efforts, but did not lead to major changes in focus."

u. A report from Moody's Investors Service notes that nonprofit hospitals can help boost margins from income from outpatient specialty drugs but warns the sustainability of that income may be uncertain, especially with legislative, regulatory and insurer efforts to curb specialty drug prices.

v. A final rule from CMS requires hospitals to post online the rates they negotiate with individual health plans for 300 "shoppable services" starting January 1, 2021. Some speculate that CMS does not have the legal authority to force hospitals to reveal the prices they negotiate with insurers. Numerous hospitals and four hospital trade organization have either already filed or plan to file legal challenges to the rule: the American Hospital Association, the Association of American Medical Colleges, the Children's Hospital Association and the Federation of American Hospitals.

w. Medicare claims data indicate that emergency department charges increased 28% from 2012 to 2016 and anesthesiology increased 32%. Combined with the fact that surprise medical bills from emergency departments increased from 32% to 43% between 2010 and 2016, more patients are experiencing significantly increased financial liabilities.

x. A Medicare Payment Advisory Commission (MedPAC) study found that both vertical and horizontal consolidation correlated with higher healthcare costs. Providers with greater market share saw higher commercial market profit margins.

y. In 2018, an estimated 44% of U.S. physicians were employed by hospitals, up from 41.7% in 2016 and 26% in 2012.

z. Noting the number of hospitals have declined 12% in the past 40 years, and comparing them to the farming industry of the past, Robert Pearl, M.D. contributed an interesting article to Forbes listing five ways to save the hospital industry:

    i. consolidation;
    ii. specialization;
    iii. productivity;
    iv. transportation; and
    v. coordination.

aa. UnitedHealth Group plans to expand its housing program for its homeless Medicaid recipients from those it tested in Phoenix, Milwaukee and Las Vegas to 30 more markets by early 2020, housing 350 homeless patients, according to Jeffrey Brenner, M.D., UnitedHealth's senior vice president for clinical redesign.

Dr. Brenner was the founder and Executive Director of the Camden Coalition of Healthcare Providers.

In National Municipal Bond Tax and Regulatory News:

bb. In light of municipal bond analysts calls for more frequent disclosures from issuers, including interim or unaudited financial information, and issuers' lawyers' concerns that the possibility that interim or unaudited financial information not matching audited financial information may raise the potential for federal antifraud liability, the Securities and Exchange Commission (SEC) Chairman Jay Clayton, addressing the Government Finance Officers Association conference, said the SEC considers issuers responsible for information they release to investors regardless of the channel through which it is released. Panelists at the conference appeared to reach consensus that issuers diligent about their disclosure practices can probably disclose interim or unaudited financial information without incurring much risk of facing an enforcement action for fraud or misrepresentation. Liability can also be minimized with appropriate disclaimers, written disclosure controls and associated disclosure training.

cc. The SEC has approved changes to the Municipal Securities Rulemaking Board's (MSRB) fair dealing rule interpretive guidance enabling the MSRB to slim down and eliminate certain duplicative disclosures from underwriters to issuers.

dd. The MSRB is proposing displaying the timing of issuers' annual financial disclosures on its Electronic Municipal Market Access (EMMA) website. The website would show the number of days between the posting of annual financial disclosure and the end date of the financing period. The goal is to encourage more timely disclosure. The rule change will need the SEC's approval.

ee. SEC Chairman Clayton also warned issuers not to wait to the last minute to start adopting for new bond issuances or converting existing bonds to interest rate benchmark alternatives to the London Interbank Offering Rate (LIBOR) such as the Secured Overnight Financing Rate (SOFR). LIBOR is scheduled to be phased out by the end of 2021 due to market manipulation. Some are speculating that the phase-out will be delayed. Chairman Clayton cautioned issuers not to bet on it and expressed concern issuers would have trouble converting at the last minute.

ff. A commentary in *The Bond Buyer* by Marc Joffe and Mark Campbell poses the question "Why is it so hard to access performance and financial data in munis?" The pair suggest that alternatives to CUSIP numbers to identify bonds be used, such as the free Open Financial Instrument Global Identifier, due to CUSIP numbering limitations and the use of the more flexible and searchable XBRL document formats instead of PDF.

gg. A couple of articles from *The Bond Buyer* about the striking increase in the use of taxable municipal bonds have been provided, including the Cleveland Clinic's recent $250 million taxable advance refunding.

hh. The *Wall Street Journal* published an article on October 1, 2019 highlighting the relatively high level of impairment of bonds issued by Wisconsin's Public Finance Authority (PFA). The PFA was formed by several entities including trade organizations for municipalities and counties, and was authorized by legislation passed by the Wisconsin legislature that was signed by the governor in 2010. The PFAs board consists mostly of members of local municipalities and counties and it is staffed by project managers from a California financial advisory firm. It claims to be able to issue bonds in states throughout the country, including New Jersey, but must seek TEFRA approval from local officials in the state of issuance. The Wall Street Journal article questions PFA's vetting process for the issuance of bonds and whether it leads to riskier bonds. The PFA's board responded by publishing a letter to the editor in The Bond Buyer disputing The Wall Street Journal's take on the agency, which is included.

ii. A graphic article with a timeline is also provided entitled *"From Coast to Coast: How U.S. Muni Bonds Help Build the Nation."*

3. Authority News

a. Mr. Hopkins informed the Members that, Carole Conover, his Executive Assistant and the Authority's Office Manager and Custodian of the Record, has announced she will be retiring at the end of the year. Carole has been at the Authority for over 20 years and, as most of you know, has been an invaluable resource to him and the Authority. Mr. Hopkins asked everyone to join him in asking Carole to change her mind. He then asked everyone to will join him in wishing Carole the best in her retirement. Mr. Hopkins extended an invitation to the Authority Members to attend a retirement luncheon for Carole on Monday, December 30 at the Yardley Inn and asked them to contact Robin Piotrowski for information or to RSVP.

As there was no further business, following a motion by Mr. Lovell and a second by Mr. Paulino, the Members voted unanimously to adjourn the meeting at 11:10 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 NOVEMBER 21, 2019.

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Carole A. Conover, Assistant Secretary