

These are the Minutes of the New Jersey Health Care Facilities Financing Authority regular meeting held on April 25, 2024, on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

The following *Authority Members* were in attendance:

Via Microsoft Teams: Robin Ford, Designee of the Commissioner of Health (Chair Pro Tem); Greg Lovell, Designee of the Commissioner of Human Services; Manny Paulino, Designee of the Commissioner of Banking and Insurance; and Bridget Devane and Thomas Sullivan, Public Members.

The following *Authority staff members* were in attendance:

Frank Troy, Ron Marmelstein, Cindy Kline, Bill McLaughlin, Edwin Fuentes, Jeff Solimando, Alpa Patel, Jessica Waite, Taryn Rommell, Jose Lora and Bill Lohman, (in person) and via telephone: Tracey Cameron and Ankita Parikh

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

On-site were Brian McGarry, Attorney General's Office; Samuel Kovach-Orr, Governor's Authorities Unit; and via Microsoft Teams: John V. Cavaliere, McManimon, Scotland and Bauman; Glenn Kaplan, Kaplan Development Group; Margaret Probish, Sheehan Phinney; Noah Glyn and Carrie Camp, NJDOH.

## **CALL TO ORDER**

Executive Director Frank Troy called the April 25, 2024, meeting to order at 10:03 a.m. and announced that this was a regular Meeting of the Authority, held in accordance with the schedule adopted at the May 25, 2023, Authority meeting. Complying with the Open Public Meetings Act and the Authority's By-laws, a 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. Troy called on Jeff Solimando, the Authority's Communications Specialist, to call the roll and establish attendance.

After establishing quorum, Mr. Troy recommended that in the absence of the Chair and Vice Chair that a Chair Pro-Tem be named. Mr. Lovell nominated Ms. Robin Ford, Designee of the Commissioner of Health to serve as Chair Pro-Tem for the April 25, 2024 meeting and Ms. Devane seconded. Mr. Troy confirmed who made the motion and who seconded and asked if there were any questions, which there were none. Mr. Troy then called for a vote. All Members voted in the affirmative and the motion carried.

Ms. Ford began by reminding Members on the phone to identify themselves before making or seconding a motion

**1. APPROVAL OF MINUTES**  
**March 28, 2024 Authority Meeting**

The Minutes for the Authority’s regular meeting on March 28, 2024, were distributed for Member review and approval prior to today’s meeting. Ms. Ford reminded Members that only those who attended the meeting or have familiarized themselves with the Minutes should vote.

Ms. Ford then asked for a motion to approve the March 28, 2024 Minutes. Mr. Paulino made the motion. Mr. Lovell seconded. Ms. Ford confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative, and the motion was approved.

**2. CONTINGENT BOND SALE:**  
**Paragon Senior Living, LLC.**

Ms. Ford called upon Edwin Fuentes to present Members with the contingent bond sale details on behalf of Paragon Senior Living LLC.

Mr. Fuentes thanked Ms. Ford and began his presentation by introducing Glenn Kaplan of Kaplan Development Group, the 75% majority owner of Paragon Senior Living, LLC, and Margaret Probish from Sheehan Phinney, borrower’s counsel.

Mr. Fuentes reminded Members that the Authority approved a contingent sale of bonds on behalf of Paragon at the November 2022 meeting. However, the financing was put on hold due to the borrower’s desire to keep its PILOT program (payment in lieu of taxes) in place, which otherwise would terminate upon retirement of the borrower’s currently outstanding New Jersey Housing and Mortgage Financing Authority (NJHMFA) bonds. The borrower no longer requires the PILOT program to remain in place in order to operate the facility. Also, at the February 2024 Authority meeting, an informational presentation took place, in addition to a TEFRA hearing for the Paragon transaction. The Authority is now requesting the approval of a contingent sale of two series of tax-exempt bonds and one series of federally taxable bonds on behalf of Paragon Senior Living, LLC.

Mr. Fuentes stated that in 2015, Paragon acquired the senior living facility known as Bentley Commons at Paragon Village, in Morris County NJ. It was acquired as a distressed property from the NJHMFA through the issuance of three (3) series of bonds through the NJHMFA, and one (1) series of corporate taxable bonds. The proceeds of the proposed Series 2024A and 2024B bonds will be used to refund the existing debt. The proceeds of the proposed Series 2024C bonds will be used to finance the construction and equipping of an approximately 32-bed facility to be used to expand the borrower’s memory care and assisted living services.

Mr. Fuentes concluded this part of the presentation by introducing Taryn Rommell, Director of Research, Investor Relations and Compliance, who provided Members with a review of the

Borrower's managerial financial projections. Mr. Fuentes added that following her presentation, John Cavaliere of McManimon, Scotland & Baumann, LLC, Bond Counsel on the transaction, will present the Bond Resolution pertaining to the financing. Following both presentations, he, Mr. Kaplan, Ms. Probish, Ms. Rommell, and Mr. Cavaliere will address any issues or questions Members may have.

After thanking Mr. Fuentes and wishing everyone a good morning, Ms. Rommell began her portion of the presentation by stating that Authority staff reviewed management's projected financial statements and related assumptions prepared in connection with the proposed Series 2024 transaction.

Ms. Rommell reminded Members that the projections discussed here and included in the distributed materials relate to the refunding of Paragon's existing debt by the proposed Series A and B Bonds and do not include the anticipated expansion project to be financed by the proposed Series C Bonds.

Ms. Rommell stated that the analysis included a review of the audited financial statements for the year ending December 31, 2023, and unaudited financial and statistical information through March 31, 2024. With respect to the Income Statement in the distributed materials, staff calculated operating margins of 11.3% in 2025, increasing to 15.7% in 2027. The EBITDA margin (Earnings Before Interest, Taxes, Depreciation and Amortization) would approximate 30% throughout the forecast period.

Ms. Rommell noted that staff found the projections and underlying assumptions to be reasonable.

Ms. Rommell concluded her portion of the presentation by summarizing staff's analysis which suggests Paragon would have adequate profitability to generate sufficient funds to meet its debt service requirements and meet its liquidity covenant during the forecast period.

Ms. Rommell then thanked the Members, and noted that both she and management are available to answer any questions.

Ms. Rommell returned the presentation to Mr. Fuentes, who introduced John V. Cavaliere of McManimon, Scotland, and Bauman, the Bond Counsel to read the bond resolution.

## **BOND RESOLUTION**

Mr. Cavaliere began by advising Members that the Bond Resolution (the "Resolution") before them authorizes the issuance of three series of Series 2024 Bonds in an aggregate principal amount not to exceed \$39,000,000. The proceeds of the Bonds will be loaned to Paragon Senior Living LLC to finance the refunding of existing bonds, the construction and equipping of a facility to provide additional memory care and assisted living services at its campus in Mount Olive, to fund reserves for the bonds, and to pay certain costs of issuance.

Mr. Cavaliere then informed Members that the Resolution provides the following parameters with respect to the Bonds:

The combined aggregate principal amount of the Series 2024A Bonds (the “A Bonds”) and the Series 2024B Bonds (the “B Bonds”) shall not exceed \$25,500,000 and the aggregate principal amount of the Series 2024C Bonds (the “C Bonds”) shall not exceed \$13,500,000.

The redemption price for any Series 2024 Bond shall not exceed 105%.

The final maturity of the A Bonds shall not be later than June 1, 2034.

The final maturity of the B Bonds shall not be later than June 1, 2032.

The final maturity of the C Bonds shall not be later than June 1, 2035.

The interest rate on the A Bonds shall not exceed 7.50%.

The interest rate on the B Bonds shall not exceed 8.50%.

The interest rate on the C Bonds shall not exceed 7.50%, subject to further review and approval by the Authority.

Mr. Cavaliere said the Resolution’s authorization of the C Bonds contains certain conditions that must be met before there can be any advances of C Bond proceeds. The C Bonds are draw down bonds. That means they are funded by the purchasers periodically in order to pay the costs of the construction project as incurred. Unlike the A & B Bonds, the C Bonds will not be fully funded at closing. As the construction project proceeds, the borrower will request an advance from the Trustee and the Authority. If approved, the Authority will issue a subseries of C bonds for that advance. Each subseries of bonds will bear interest at the then prevailing nine year Municipal Market Data Index plus 375 basis points, with a floor of 6.25%. Each advance of the C Bonds will be separately approved and be evidenced by its own subseries of Bonds with its own interest rate, depending upon the rate prevailing at the time of the advance.

Mr. Cavaliere then outlined the conditions in the Resolution for the initial advance of C bonds are as follows:

- (i) all site plan and zoning approvals for the construction project shall have been obtained;
- (ii) a certificate of need shall have been issued by the State Department of Health with respect to the construction project;
- (iii) the borrower shall have entered into a construction contract;
- (iv) the borrower shall have provided the Authority with updated financial projections incorporating the construction project, which will be presented to the Authority Members and approved at a public meeting;
- (v) the borrower shall have provided the Authority with an updated investor letter from an authorized representative of the holders of the C Bonds;
- (vi) no Event of Default shall have occurred and be continuing under terms of the Loan Agreement; and
- (vii) the borrower shall have provided such other certificates and opinions as may be reasonably required by an Authorized Officer of the Authority to the Authority.

Mr. Cavaliere went on to say that the borrower has represented that it has chosen this structure for the C Bonds to save the significant costs associated with the issuance of additional bonds to finance the construction project. The underwriter and bondholder representative have used this structure in numerous other transactions and they have found that it is a very economical way of funding future construction projects while maintaining the project's eligibility for tax-exempt financing.

Mr. Cavaliere advised that the Resolution authorizes the execution and delivery of a bond purchase contract relating to the Series 2024 Bonds with the underwriter, Odeon Capital Group LLC, substantially in the form presented to this meeting.

Mr. Cavaliere said that the Resolution approves the distribution of a limited offering memorandum in connection with the sale of the Bonds and authorizes the execution and delivery of a Loan Agreement with the borrower, and a Trust Indenture with U.S. Bank Trust Company, National Association, as trustee, all in substantially the forms presented at this meeting.

Mr. Cavaliere stated that the Resolution authorizes certain designated officers of the Authority to execute the Bonds, the Indenture, the Loan Agreement, the Bond Purchase Contract, and all other documents necessary or proper for the purposes of carrying out the Resolution and the issuance of the Bonds.

Mr. Cavaliere concluded by saying the Resolution provides for a volume cap allocation required for the A and C Bonds, which are expected to be issued on a tax-exempt basis. The B Bonds are expected to be issued on a federally taxable basis.

Mr. Cavaliere then offered to address and answer any questions.

Ms. Ford thanked Mr. Fuentes, Ms. Rommell, and Mr. Cavaliere, then asked Members if there were any questions or comments on the information presented, to which there were none. Ms. Ford then asked for a motion to adopt the resolution approving a contingent bond sale on behalf of Paragon Senior Living, LLC. Ms. Devane made the motion. Mr. Sullivan seconded. Ms. Ford confirmed who made the motion and who seconded and then asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative and the motion was approved.

Ms. Ford congratulated the representatives of Paragon Senior Living and asked if there was anything they would like to add.

Mr. Kaplan from Paragon thanked the Authority and stated he looked forward to continuing with the project.

Ms. Ford wished everyone good luck.

**AB RESOLUTION NO. 2024-4-A**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled **“A RESOLUTION AUTHORIZING THE ISSUANCE OF NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY REVENUE BONDS, PARAGON SENIOR LIVING LLC, ISSUE, SERIES 2024.”**

*(attached)*

**3. APPROVAL OF PROJECT AMENDMENTS TO THE SEVEN PLANNED PARENTHOOD OF NORTHERN, CENTRAL AND SOUTHERN NEW JERSEY FACILITIES FOR THEIR APPROVED SFY 2024 FAMILY PLANNING FACILITIES UPGRADE FORGIVABLE LOAN PROGRAM:**

Ms. Ford called upon Taryn Rommell to present the proposed project amendments to the seven Planned Parenthood of Northern, Central, and Southern New Jersey facilities for their approved SFY 2024 Family Planning Facilities Upgrade Forgivable Loan Program.

Ms. Rommell thanked Ms. Ford and began by reminding Members that on October 26, 2023, and December 14, 2023, when the Authority made approvals for the SFY2024 Family Planning Facilities Upgrade Forgivable Loan Program (the “Program”), Authority Members approved \$7,130,020 for construction and equipment at 14 Planned Parenthood of Northern, Central and Southern New Jersey (PPNCSNJ) facilities.

Ms. Rommell stated that thereafter, seven of the PPNCSNJ facilities identified additional or alternative medical equipment, information technology equipment, and renovation needs and would like to reallocate certain amounts of those funds to additional or modified equipment and renovation lists.

Ms. Rommell said that the proposed amendments to the description of the projects identified below were detailed in the attachments to the memo sent to Authority Members on April 17, 2024. Loan totals for each facility have not changed. Planned Parenthood of Northern, Central and Southern New Jersey facilities in Englewood at \$371,490, Morristown at \$750,000, Newton at \$296,900, Delran at \$142,500, Elizabeth at \$393,000, Franklin Township at \$210,920, and Hamilton at \$181,210.

Ms. Rommell stated that the Loan Evaluation Committee has reviewed the proposed amended projects and agrees with the recommendation of the amendments to the Authority Members at this meeting.

Ms. Rommell advised Members that a proposed resolution approving each of seven the Planned Parenthood of Northern, Central and Southern New Jersey facilities amendments to the project descriptions in each of the seven Loan Agreements was provided in their board package. The

Attorney General's office has reviewed the proposed resolution and has no objection to the Authority Members' consideration of same. Staff recommends approving the resolution provided with your board package to amend the Loan Agreement for seven of the PPNCSNJ loans previously approved by the Authority Members.

Ms. Rommell concluded by stating no other terms or conditions of the Loan Agreements are being changed. She assured Members that she and Frank Troy would make themselves available to answer any questions they may have.

Ms. Ford thanked Ms. Rommell and asked if there were any questions on the information presented. There were none. Ms. Ford then asked for a motion to approve the resolution to amend the project descriptions in the loan agreements for the seven Planned Parenthood of Northern, Central, and Southern New Jersey facilities which were approved for forgivable loans for the SFY 2024, Family Planning Facilities Upgrade Forgivable Loan Program? Mr. Sullivan offered the motion. Mr. Paulino seconded. Ms. Ford confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative, and the motion was approved.

#### **AB RESOLUTION NO. 2024-4-B**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled, **“A RESOLUTION APPROVING AN AMENDMENT TO THE PROJECT DESCRIPTIONS IN EACH OF THE LOAN AGREEMENTS RELATING TO THE SEVEN FAMILY PLANNING FACILITIES UPGRADES FORGIVABLE LOANS PREVIOUSLY APPROVED BY THE AUTHORITY ON OCTOBER 26, 2023 WHICH AUTHORIZED FORGIVABLE LOANS IN THE AGGREGATE AMOUNT OF \$6,380,020 TO PLANNED PARENTHOOD OF NORTHERN, CENTRAL AND SOUTHERN NEW JERSEY, INC.”**

*(attached)*

#### **4. RENEWAL OF MEMORANDUM OF AGREEMENT WITH THE NEW JERSEY DEPARTMENT OF HEALTH FOR ARCHITECT SERVICES**

Ms. Ford called upon Bill Lohman to present the details of the renewal of the Memorandum of Agreement with the Department of Health.

Mr. Lohman thanked Ms. Ford and then informed members that since 1997, the New Jersey Health Care Facilities Financing Authority (the “Authority”) has provided Architectural Review Services to the Department of Health (the “DOH” or the “Department”) with the latest renewal occurring in September 2021, when a new Memorandum of Agreement was executed. Under that Memorandum of Agreement, the Authority's Construction Compliance Officer provides the following:

- Conducts review of construction and renovation projects submitted by health care facilities to determine compliance with physical plant standards, patient flow issues, and licensing requirements (including compliance with the Facility Guidelines Institute's guidelines for healthcare design).
- Reviews and processes requests for waivers from licensing requirements submitted by health care facilities, providing recommendations with associated rationale in cases where it was determined that waivers were warranted.
- Participates as a team member in functional review meetings held at the Department's office.

Mr. Lohman stated this Memorandum of Agreement expires on June 30, 2024 and advised Members that attached the Renewal Agreement is included in their meeting information packets. The proposed Renewal Agreement is essentially the same as the previous Memorandum of Agreement. Under the Renewal Agreement, the Authority's Construction Compliance Officer spends up to two and one half business days (17.5 hours) per week performing the above-mentioned services for the Department. The Department reimburses the Authority for a commensurate amount of the Construction Compliance Officer's salary, benefits and other related costs incurred by the Authority. The form of the Renewal Agreement is similar to that of our arrangement with the DOH for collection and review of Financial Data and Data Analysis. The Renewal Agreement would be effective for the period July 1, 2024, through June 30, 2027, and specifies the amount that the DOH will reimburse the Authority.

Mr. Lohman added that the Office of the Attorney General has no objection to the Member's consideration of this Renewal Agreement and therefore, staff is asking for approval of the Renewal Agreement.

Mr. Lohman concluded by advising Members that he or Ron Marmelstein would be happy to answer questions they may have on this issue.

Ms. Ford thanked Mr. Lohman and asked Members if there were any questions on the information presented, to which there were none. Ms. Ford then asked for a motion to approve the Memorandum of Agreement to provide Architect Services to the Department of Health. Mr. Lovell offered the motion. Mr. Sullivan seconded. Ms. Ford confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative, and the motion was approved.

#### **AB RESOLUTION NO. 2024-4-C**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby authorizes the approval of the Memorandum of Agreement with the Department of Health, Division of Health Facilities Evaluation and Licensing for Architect Services.

## 5. AUTHORITY EXPENDITURES

Ms. Ford referenced a summary of Authority expenses and invoices provided to the Members and asked if there were any questions or comments on the material distributed. Ms. Ford then asked for a motion to approve the bills and authorize payment. Mr. Sullivan the motion to approve the expenses. Ms. Devane seconded. Ms. Ford confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford called for a vote. All Members voted in the affirmative, and the motion was approved. The resolution was approved to approve the bills and to authorize their payment.

### AB RESOLUTION NO. 2024-4-D

*WHEREAS*, the Members of the Authority have reviewed the memoranda dated April 17, 2024, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and the memorandum dated April 17, 2024 summarizing general operating expenses, in the amounts of \$14,828.00 and \$31,053.54, respectively, and have found such expenses to be appropriate;

*NOW, THEREFORE, BE IT RESOLVED*, that the Members of the Authority hereby approve all expenses as submitted, and authorize the execution of checks representing the payment thereof.

## 6. STAFF REPORTS

Ms. Ford thanked staff and then asked Executive Director Frank Troy to present his Executive Director's report.

Mr. Troy reported the following:

1. I would like to thank the Members who are not full-time State employees for completing their required Special State Officer training session. Please remember that pursuant to Executive Order No. 2 (Murphy 2018), you are required to file an annual Financial Disclosure Statement due to the State Ethics Commission by May 15, 2024. Please contact the Authority's Ethics Liaison Officer Robin Piotrowski or me if you have any questions.
2. Authority Members are directed to the blank slate of officers and suggested meeting dates provided in your meeting packets. Authority Members will be asked to elect officers and vote on meeting dates at our annual meeting next month.

### 3. New Jersey Hospital News

- a) On April 14, 2024, 203 patients were moved three miles from the Valley Hospital (“Valley”) Ridgewood campus to the new Valley Hospital in Paramus. The eight-hour move involved Valley staff, 400 volunteers and 75 ambulances. The new \$900 million hospital was financed in part by Authority bonds.
- b) Virtua Health President and CEO Dennis Pullin was appointed to the board of directors of DaVita, Inc., a publically traded provider of kidney care services. DaVita has over 2,700 outpatient dialysis centers in the US and operates in 11 other countries.
- c) Hackensack Meridian Health (“HMH”) announced a \$134 million project, much of which will be paid by State and federal programs, that will be the largest solar and battery storage system of any health provider in the U.S. 50,000 American-made solar panels will be installed on 18 buildings throughout the HMH system over three years.
- d) Inspira Health received preliminary approval from the Harrison Township Joint Land Use Board for an expansion project at its Mullica Hill Campus that opened in 2019. According to reports, the project would involve a five-story tower with 102 beds and an expansion of the existing maternal-child health unit.
- e) Seven New Jersey hospitals were among only 18 in the U.S. that have achieved Magnet designation at least six times. They are Hackensack University Medical Center, Hackensack Meridian Riverview Medical Center, Hackensack Meridian Jersey Shore University Medical Center, Hackensack Meridian Ocean University Medical Center, Morristown Medical Center, Robert Wood Johnson University Medical Center and Saint Peter’s University Hospital. The American Nurses Credentialing Center awards hospitals Magnet designations based on quality patient care and nursing excellence.
- f) U.S. News & World Report recognized three New Jersey hospitals for Black maternal health care: Capital Health Medical Center- Hopewell, Overlook Medical Center in Summit and Virtua Our Lady of Lourdes Hospital in Camden. Unfortunately, shortly after this recognition, the Commonwealth Fund released its annual report on state-level health disparities which noted the State continues to exhibit health care inequities among Black and Hispanic residents.
- g) Becker’s Hospital Review and Bloomberg reported that Insight, a Michigan-based health network, has stepped in to run the operations and stabilize the finances of CarePoint Health (“CarePoint”). Insight operates two hospitals and multiple ambulatory surgery centers in the Midwest. On Friday, April 12, 2024, CarePoint sent a letter to Gov. Murphy asking for \$129 million in American Rescue Plan funds, which they say is needed to purchase the hospital real estate and continue providing healthcare services without interruption.
- h) RWJBarnabas Health opened two state-of-the-art training facilities for its nursing staff. The new Institute for Nursing Excellence sites are in Livingston and Oceanport.

- i) The Health Transformation Alliance, The Leapfrog Group and Turquoise Health recently recognized 472 U.S. hospitals for excellent patient safety ratings and the highest price transparency scores. Twelve New Jersey hospitals were included.
- j) Saint Peter's University Hospital CFO Garrick Stoldt was interviewed for the latest HFMA New Jersey Chapter magazine. At the end, Mr. Stoldt was asked for some recommendations for a long and successful career. His first was to understand your operation in detail. The second was to never stop learning.

### **3. Ratings Agency Actions and Publications**

- a) S&P Global Ratings ("S&P") affirmed its AA- rating (high investment grade) on debt issued by the Authority on behalf of RWJBarnabas Health ("Barnabas"), describing Barnabas as "one of the leading health-care systems in the state". The outlook is Stable. Moody's Rating Service ("Moody's), however, downgraded Barnabas one notch to A1 and revised the outlook to Stable from Negative. While noting Barnabas' strengths, Moody has cited the system's cash to debt measures as a reason for the downgrade. The A1 rating is equivalent to S&P's A+.
- b) A compilation of New Jersey hospital and health system ratings and outlooks was included with this month's articles.
- c) Moody's assigned an A2 rating with a Stable outlook to the Department of Human Services Lease Revenue Refunding Bonds (the "Bonds") related to the Marlboro Psychiatric and Greystone Park Psychiatric Hospitals approved at the Authority's March meeting. The A2 is one notch below the State's A1 rating which is customary for bonds with debt service subject to the annual legislative appropriation process. S&P and Fitch assigned A- and A, respectively, to the Bonds, also one notch below their State ratings. The outlooks are Stable.
- d) Moody's released their 2023 preliminary not-for-profit and public health care medians based largely on June 30, 2023 year-end organizations. The preliminary 2023 operating margin was 0.2%, an improvement over the -0.3% in 2022. Median days cash on hand was 188, down from 206 in 2022. For comparison purposes, the most recently available New Jersey Apollo System medians, September 30, 2023, included an operating margin of 1.6% and 116 days cash on hand.

### **4. New Jersey Health Care News**

- a) A New Jersey Business Magazine article focuses on five factors shaping New Jersey health care: (1) sicker patients, (2) workforce shortages, (3) insurance pressures, (4) mental health needs and (5) healthy communities, i.e. social determinants of health.

## **5. National Health Care News**

- a) The March 2024 Kaufman Hall National Hospital Flash Report reported operating margins of approximately 4.0%, continuing the strong start to 2024. Kaufman Hall found revenue growth is being driving by outpatient services.
- b) The proposed Saint Peter's Healthcare System merger with Atlantic Health System was mentioned in Kaufman Hall's latest M&A Quarterly Activity Report.
- c) Kaufman Hall's Lisa Goldstein focuses on days cash on hand in her latest blog. As the metric is based on cash and unrestricted investments, Ms. Goldstein reports that rating agencies are focusing not only on the absolute number but also on how liquid the investments are. That is, how quickly can they be converted to cash in the event of a pandemic or cyberattack.
- d) The recent cyberattack on Change Healthcare that started on February 21, 2024 continues to make news and served as a wake-up call for the industry. Hospitals must be diligent in evaluating third party risks as well as their own. An attack on a vendor or service provider can also have a serious impact on operations.
- e) The Federal Trade Commission, Department of Justice and Department of Health and Human Services unveiled HealthyCompetition.Gov, an online portal where anyone can report anticompetitive practices in health care.
- f) The Healthcare Financial Management Association listed eight health care trends in 2024 that health system leaders and board members should keep in mind.
- g) According to articles, corporations such as hospitals, insurers, private equity or other entity, now employ more than 75% of doctors. Only about 22% practice as independent physicians.
- h) KFF, formerly the Kaiser Family Foundation, published an article listing 10 things to know about consolidation in health care provider markets. The article notes \$4.5 trillion was spent on health care in 2022, 17% of the gross domestic product (GDP"). Health care spend is projected to grow faster than GDP through 2031.
- i) The Biden administration finalized a controversial rule setting staffing requirements for nursing homes receiving Medicare and Medicaid funding on April 22, 2024. Studies have shown most homes would need to hire additional staff under the rule. The industry vigorously opposed it when proposed last September due to the ongoing labor shortage and the increased costs associated with higher staffing without additional reimbursement.

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

- a) According to articles in the Bond Buyer, municipal analysts are concerned growing federal debt will have a negative effect on municipal bonds such as those issued by the Authority in the future. The supply of low risk Treasury securities needed to fund growing federal deficits would likely result in the need for municipal bond issuers to increase yields to be attractive

to investors. The amount of money required to service the growing amount of federal debt could lead to a future reduction or even elimination of the municipal bond tax exemption.

## **7. Other News**

Village Drive Healthcare Urban Renewal, LLC (“Village Drive”), a low income assisted living residence in Millville financed in part by Authority bonds, posted a notice on the EMMA dataport reporting interest due bondholders on April 1, 2024 of \$657,000 was not paid. You may recall Village Drive did not pay bondholders principal and interest due October 1, 2023 totaling \$812,000. The bondholders have not provided any instruction to the trustee bank as of this writing regarding this latest event of default.

## **8. Authority News**

A reminder the next Authority meeting will be Thursday, May 23, 2024 at 10:00 AM. As mentioned earlier, it will be the Authority’s annual meeting.

Ms. Ford thanked Mr. Troy for his report and then shared with Members the news of her leaving her current position with the Department of Health effective this week. Ms. Ford thanked Authority staff for their hard work, kindness and generosity. Ms. Ford expressed her appreciation and her fondness for the Authority.

Ms. Ford then introduced Executive Director of the Office of Health Care Financing Noah Glyn, who will become her replacement.

Mr. Troy responded by thanking Ms. Ford for her support of the Authority and staff. Mr. Troy said it was a pleasure to work with her and wished her the best of luck.

Ms. Ford thanked Mr. Troy.

Mr. Paulino then thanked Ms. Ford for all she accomplished and wished her good luck.

Ms. Ford thanked Mr. Paulino.

## **7. ADJOURN**

As there was no further business, Ms. Ford asked for a motion to adjourn. Mr. Lovell made the motion and Mr. Sullivan seconded. Ms. Ford confirmed who made the motion and who seconded it and then asked if there were any questions or comments on the motion. There were no questions or comments. Ms. Ford then called for a vote. All Members voted in the affirmative. The meeting was adjourned at 10:38 a.m.

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF MINUTES OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY MEETING HELD ON APRIL 25, 2024.

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Cindy Kline, Assistant Secretary