

These are the minutes of the New Jersey Health Care Facilities Financing Authority’s Special Meeting held on August 2, 2024, on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, New Jersey.

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

Via Microsoft Teams: David Brown, Public Member (Chairing); Noah Glyn, Designee of the Commissioner of Health; Greg Lovell, Designee of the Commissioner of Human Services; Manny Paulino, Designee of the Commissioner of Banking and Insurance; Bridget Devane and Sam Maddali, Public Members

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

On-site: Frank Troy, Cindy Kline, Jeff Solimando, and Edwin Fuentes. Via Microsoft Teams: Bill McLaughlin and Taryn Rommell

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

Via Microsoft Teams: Brian McGarry, Attorney General's Office; Samuel Kovach-Orr, Governor's Authorities Unit; Carrie Camp, NJDOH; William Pelino, Senior Vice President and Chief Financial Officer, and Ryan Waddington, Vice President of Finance, Inspira Medical Centers, Inc.; Kevin Connell, Managing Director, Echo Financial Products; and John Kelly, Wilentz, Goldman & Spitzer, P.A.

CALL TO ORDER

Mr. Brown called the meeting to order at 10:04 a.m., and announced that this was a special meeting of the Authority. Complying with the Open Public Meetings Act and the Authority's By-laws, 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. Brown then called on Jeff Solimando, the Authority’s Communications Specialist, to call the roll and establish attendance.

Mr. Brown noted that quorum was established and reminded Members on the phone to identify themselves before making or seconding a motion.

1. CONTINGENT BOND SALE REQUEST – INSPIRA MEDICAL CENTERS, INC.

Mr. Brown asked Edwin Fuentes to update us regarding the details of the contingent bond sale on behalf of Inspira Medical Centers, Inc (“Inspira”).

Mr. Fuentes began by thanking Mr. Brown and then reintroducing to Members Inspira Medical Centers, Inc. (“Inspira”) representatives Bill Pelino, Senior Vice President and Chief Financial Officer, and Ryan Waddington, Vice President of Finance. Mr. Fuentes also reintroduced John Kelly, Bond Counsel for the proposed Inspira transaction.

Mr. Fuentes reminded Members that they may recall approving the use of a negotiated sale at the May 2024 meeting as well as an informational presentation in June, and a TEFRA hearing held at the Authority's regularly scheduled meeting in July. Staff is now requesting approval of a contingent sale of tax-exempt bonds on behalf of Inspira.

According to Mr. Fuentes the proceeds of the proposed transaction will be used for, but not limited to, funding the Inspira Medical Center Mullica Hill expansion, including a new 150,000 square foot, five-story bed tower, an 18,000 square foot maternal child health platform expansion, and a simulation laboratory; completing the Emergency Department expansion at Inspira Medical Center Vineland; acquiring and installing a CT/Ultrasound system at Inspira Health Center Bridgeton; completing the Satellite Emergency Department facility at Inspira Health Center Woodbury; financing and/or reimbursing the costs of acquiring and installing various items of capital equipment at one or more of the Borrower's locations; refunding, redeeming, retiring and/or defeasing all or a portion of the Authority's Inspira Health Obligated Group Issue, Series 2017B Bonds; and paying the related costs of issuance.

Mr. Fuentes stated that additional details on the projects being financed can be found within Exhibit A of the Bond Resolution presented today.

Mr. Fuentes then introduced Taryn Rommell, Director of Research, Investor Relations and Compliance, to provide Members with a review of Inspira's managerial financial projections. After Ms. Rommell's presentation, John Kelly of Wilentz Goldman and Spitzer, Bond Counsel for the proposed transaction, will present the Bond Resolution.

Mr. Fuentes advised members that if Members have any questions, that he, Mr. Pelino, Mr. Waddington, Ms. Rommell, or Mr. Kelly, would be happy to address them after the reading of the Bond Resolution.

Mr. Fuentes then called on Taryn Rommell to provide the financial projections.

Ms. Rommell began by advising Members that Authority staff reviewed the financial projections and related assumptions prepared in connection with Inspira Medical Centers, Inc. ("Inspira") proposed transaction. Staff found the projections very comprehensive and management's underlying assumptions to be reasonable.

Ms. Rommell stated that Inspira's operating margins of approximately 3.7% & 6.5% in 2024 and 2025 are well above the Q4 2023 Apollo system median of 2.55% and well above Fitch's 2022 U.S. median for similarly rated hospital systems of 1.1%. EBITDA margin (Earnings Before Interest, Taxes, Depreciation and Amortization) would be 12.8% in 2024, and 15.9% in 2025, above the 2022 Fitch's U.S. median for AA- systems of 8%. Inspira would have approximately 262 days of cash on hand in 2024 and 254 days cash on hand in 2025.

Ms. Rommell concluded by stating that staff's analysis suggests Inspira would have adequate profitability to generate sufficient funds to meet its debt service requirements during the forecast period. Ms. Rommell then told Members that she or Inspira's management would be pleased to address any questions.

Mr. Fuentes thanked Ms. Rommell and then called upon Mr. Kelly, bond counsel for Inspira Medical Centers, Inc., to present the bond resolution.

Mr. Kelly began by advising Members that the Bond Resolution authorizes the issuance of the tax-exempt New Jersey Health Care Facilities Financing Authority Revenue and Refunding Bonds, Inspira Health Obligated Group Issue, Series 2024A (the “Series 2024A Bonds”) in an aggregate principal amount not to exceed \$300,000,000 as set forth in the Trust Agreement pursuant to which the Series 2024A Bonds will be issued. The Series 2024A Bonds will be issued for the purposes of financing and/or reimbursing Inspira Medical Centers, Inc. (the “Borrower”) for all or a portion of the costs of the planning, design, development, acquisition, construction, equipping, expansion, furnishing and renovation of all or a portion of the capital projects described on Exhibit A to the Bond Resolution (the “Projects”), effectuating the refunding of the outstanding Series 2017B Bonds issued by this Authority on behalf of Inspira (the “Refunding”), and paying all or a portion of the costs incurred in connection with the issuance and sale of the Series 2024A Bonds.

According to Mr. Kelly, the Series 2024A Bonds will be issued initially as traditional fixed interest rate to maturity bonds, with the ability to convert to a different interest rate mode pursuant to the provisions of the Trust Agreement, provided that the true interest cost of the initial fixed interest rates on the Series 2024A Bonds shall not exceed six percent (6.00%) per annum. If a conversion of the interest rate on the Series 2024A Bonds occurs prior to the final maturity date, the Series 2024A Bonds shall bear interest at the rate or rates determined in accordance with the Trust Agreement, provided that in no event shall the interest rate on the Series 2024A Bonds exceed the Maximum Interest Rate (as defined in the Trust Agreement). The final maturity date of the Series 2024A Bonds shall not be later than July 1, 2059 and the Series 2024A Bonds shall be subject to redemption prior to maturity as set forth in the Trust Agreement, provided that the redemption price for any Series 2024A Bond shall not exceed one hundred and five percent (105%) of the principal amount of such Series 2024A Bond.

Mr. Kelly added that the Series 2024A Bonds will be issued by the Authority under and pursuant to a Trust Agreement, by and between the Authority and U.S. Bank Trust Company National Association, as Bond Trustee. The Series 2024A Bonds will be secured by payments to be made by the Borrower under a Loan Agreement with the Authority, and evidenced and secured by a promissory note of the Borrower, and amounts on deposit in certain funds held by the Bond Trustee. The promissory note will be issued under the existing Master Trust Indenture by and among the Borrower, on behalf of itself and other members of the Obligated Group, and T.D. Bank, National Association, as Master Trustee. The promissory note will be secured by a gross receipts pledge of the Obligated Group under the Master Trust Indenture.

Mr. Kelly advised that the Bond Resolution also approves the form of and authorizes the execution of a Bond Purchase Contract for the Series 2024A Bonds with J.P. Morgan Securities LLC, the senior managing Underwriter, at an underwriting discount (including counsel fees) not in excess of \$6.00 per \$1,000 of the aggregate principal amount of the Series 2024A Bonds.

Mr. Kelly also stated that the Bond Resolution approves the form of, and authorizes the execution and distribution of the Series 2024A Bonds, the Loan Agreement and the Trust Agreement, and a Preliminary Official Statement and a final Official Statement relating to the Series 2024A

Bonds, with the caveat that no posting, mailing or other distribution of the Preliminary Official Statement shall occur until such time as the Underwriters have informed the Authority that the Underwriters and their counsel have satisfactorily completed their “due diligence” investigation of the Borrower and the information relating to the Borrower set forth in the Preliminary Official Statement.

Mr. Kelly advised that the Bond Resolution appoints U.S. Bank Trust Company, National Association, as Bond Trustee, Bond Registrar and Paying Agent for the Series 2024A Bonds.

Mr. Kelly concluded by stating that the Bond Resolution also authorizes the Authorized Officers of the Authority to execute and deliver such other documents and to take such other action as may be necessary or appropriate to effectuate the execution and delivery of the Bond Purchase Contract, the Trust Agreement, the Loan Agreement and the Letter of Instructions, the financing of the Projects, the completion of the Refunding, and the issuance and sale of the Series 2024A Bonds.

Mr. Brown thanked Mr. Kelly for presenting the bond resolution and asked if there were any comments or questions from the Authority Members. There were no comments or questions.

Mr. Brown asked for a motion to adopt the resolution approving a contingent bond sale on behalf of Inspira Medical Centers Inc. Mr. Lovell made the motion. Mr. Glyn seconded. Mr. Brown then asked if there were any questions or comments on the motion.

Members are reminded that Public Member Ms. Devane stands recused from all matters relating to Inspira Medical Centers, Inc.

Mr. Brown congratulated the representatives of Inspira Medical Center, Inc., and asked if there was anything they would like to add.

Bill Pelino, Chief Financial Officer for Inspira Medical Centers, Inc., responded by thanking everyone for coming together this day, and then extended thanks to NJHCFFA’s Executive Director Frank Troy and his team including Bill McLaughlin and Edwin Fuentes for supporting this transaction. Mr. Pelino said that working with the Authority was a fantastic experience and that Inspira Medical Centers, Inc., feels fortunate to have an organization like the NJHCFFA in New Jersey.

Mr. Pelino also said that the hospital in Mullica Hill is near capacity, and this offering allows the expansion needed to handle the demand Inspira Medical Centers, Inc., is facing.

Mr. Pelino concluded by saying he looks forward to future success.

AB RESOLUTION NO. 2024-08-AA

NOW, THEREFORE, 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, INSPIRA HEALTH OBLIGATED GROUP ISSUE, SERIES 2024A.”**

(attached)

Mr. Brown then called upon Executive Director Frank Troy for his remarks, special announcements and reminders.

Mr. Troy began by reminding Audit Committee members that its next meeting will occur on Thursday, August 8, 2024, at 10:00 a.m. He then reminded Authority Members that the next regularly scheduled Authority meeting is set for Thursday, August 22, 2024, at 10:00 a.m.

Mr. Troy concluded by thanking everyone for participating in this day’s meeting.

2. ADJOURN

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

The meeting was adjourned at 10:20 a.m.

I HEREBY CERTIFY THAT THE FOREGOING IS A TRUE COPY OF MINUTES OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY SPECIAL MEETING HELD ON FRIDAY, AUGUST 2, 2024.

Cindy Kline, Assistant Secretary