

These are the Minutes of the New Jersey Health Care Facilities Financing Authority's regular meeting held on December 19, 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: Greg Lovell, Designee of the Commissioner of Human Services (Chair Pro-Tem); Noah Glyn, Designee of the Commissioner of Health; Manny Paulino, Designee of the Department of Banking and Insurance; Tom Sullivan, Public Member; On-site: Bridget Devane and Arthur Kapoor, Public Members.

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

On-Site: Frank Troy, Cindy Kline, Jeff Solimando, Edwin Fuentes, Taryn Rommell, Alpa Patel, Jessica Waite and Bill McLaughlin. Via phone: Jose Lora and Tracey Cameron.

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

On-site: Stephanie Gibson, Attorney General's Office; Via Microsoft Teams: Sam Kovach-Orr, Governor's Authority Unit; Kaitlyn Wojtowicz, Planned Parenthood Action Fund of New Jersey, Tamara Cunningham, RWJBarnabas Health and Ankit Kapoor.

## **CALL TO ORDER**

Executive Director Frank Troy called the meeting to order at 10:04 a.m., by announcing that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 23, 2024, 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 a quorum, Mr. Troy recommended that a Chair Pro-Tem be named in the absence of the Chair and Vice Chair. Mr. Paulino nominated Mr. Lovell to serve as Chair Pro-Tem for the December 19, 2024, meeting, and Mr. Sullivan seconded. Mr. Troy confirmed who made the motion and who seconded and asked if there were any questions, to which there were none. Mr. Troy then called for a vote. All Members voted in the affirmative and the motion carried.

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

## **1. APPROVAL OF MINUTES**

### **- November 21, 2024 Authority Meeting**

Minutes for the Authority's last regular meeting on November 19, 2024, were distributed for the Members review and approval prior to today's meeting. Mr. Lovell reminded Members that only those who were attendance or who have familiarized themselves with the Minutes should vote.

Mr. Lovell requested a motion to approve the November 19, 2024, Minutes. Ms. Devane made the motion and Mr. Kapoor seconded. Mr. Lovell 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. Mr. Lovell then called for a vote. All Members voted in the affirmative except Mr. Paulino who abstained.

## **2. INTRODUCTION OF ARTHUR KAPOOR, PUBLIC MEMBER**

Mr. Lovell called on Executive Director Frank Troy to introduce the Authority's newest Public Member, Mr. Arthur Kapoor.

Mr. Troy informed Members that on October 26, 2024, the New Jersey State Senate confirmed Mr. Arthur Kapoor as a public member of the New Jersey Health Care Facilities Financing Authority (the "Authority"). Mr. Kapoor will replace Mr. David Brown whose term expired earlier this year.

Mr. Troy stated that Mr. Kapoor is an entrepreneur with experience building financial, clinical, and operational platforms. He is the founder of the software development company Infotech Global, Inc., and co-founder of HealthEC, a fully integrated population health management (PHM) platform where he serves as its president and CEO.

Mr. Troy explained that Mr. Kapoor is active in the community. He founded of the Aklyuva Foundation, which helps orphaned Indian children receive food, clothing, education, and medical care. In 2011, he was knighted by the Sovereign Military Order of Malta for his charitable work worldwide. Also active in academia, he is the co-executive vice chair of the Board of Overseers and a member of the New Jersey Institute of Technology.

Mr. Kapoor holds a Bachelor's in Computer Science and an MBA from Rutgers University.

Mr. Troy concluded his introduction by stating that the Authority will include approval of a resolution of appreciation for all of Mr. Brown's support at the January 2025 Authority meeting.

Mr. Troy then asked Mr. Kapoor if he'd like to address the Members. Mr. Kapoor began by stating it's an honor to be present and feels he's in esteemed company and looks forward to working with the Authority and its Members.

### **3. APPROVAL OF SFY 2025 FAMILY PLANNING FACILITY FORGIVABLE LOAN APPLICATIONS**

- Planned Parenthood Northern, Central, Southern New Jersey (PPNCSNJ) Hamilton and Trenton
- Planned Parenthood of Metropolitan New Jersey
- LivWell Health (formerly Family Planning Center of Ocean County)

Prior to Mr. Lovell proceeding with this agenda item, Executive Director Frank Troy advised Members that Mr. Glyn would recuse himself from this matter as he sits on the Family Planning Facilities Loan Evaluation Committee, which approves applications. Mr. Glyn's recusal will remain in effect until it's rescinded.

Mr. Lovell and Mr. Sullivan asked if Mr. Glyn should remove himself from the room during this presentation. Mr. Troy and Ms. Gibson responded that since this is a public meeting, Mr. Glyn may remain in the room.

Mr. Lovell called on Taryn Rommell to present, on behalf of the Loan Evaluation Committee, the recommendation to approve additional Family Planning Forgivable Loan Program applications in the total amount of \$2,167,917.70.

Ms. Rommell began by reminding Authority Members that the State Fiscal Year 2025 Family Planning Facilities Upgrade Forgivable Loan Program (the "Program") was approved at the August 22, 2024, meeting. At that meeting, Authority Members also approved a form of application for the Program, a Memorandum of Agreement with the Department of Health (the "Department") to administer the Program, and a form of the Loan Agreement. The funds for the Program are coming from a Grant-in-Aid line item of \$10,000,000 to the Department and the Authority in the State Fiscal Year 2025 Appropriations Act (P.L. 2024, c. 22) for the purpose of providing funds for "Family Planning Facilities Upgrades."

Ms. Rommell informed Members that by the October 25, 2024, deadline, loan applications were received from four health care organizations relating to 18 facilities that provide family planning or reproductive health services. The total amount applied for was \$7,983,275.40. The Loan Evaluation Committee, consisting of two Authority employees and two subject matter experts from the Department, met on November 12 and December 13 after independently reviewing and scoring each of the applications.

Ms. Rommell then stated that the Loan Evaluation Committee is recommending three organizations be approved for loans for four facilities in the total amount of \$2,167,917.70, as further detailed below. Each of the applications receiving the Loan Evaluation Committee's recommendation are being recommended in the full amount of the organization's request. The Loan Evaluation Committee decided not to recommend one application submitted by FamCare Inc. as they failed to submit the required documentation to cure Evaluation Committee requests by December 6th however, the Evaluation Committee reserves the right to recommend this application to Authority Members at a later date.

On behalf of the Loan Evaluation Committee, Ms. Rommell recommended that the Authority Members approve the resolution provided in the board materials, authorizing forgivable loans to,

and the entering of a loan agreement with, the following organization to upgrade their facilities or services at the locations identified below and in the amounts identified below:

- Planned Parenthood of Northern, Central, & Southern New Jersey – Hamilton \$190,575.70 & Trenton \$750,000 - Totaling \$940,575.70
- Planned Parenthood of Metropolitan New Jersey - \$750,000
- Family Planning Center of Ocean County (DBA LivWell) - \$477,342

Ms. Rommell concluded her presentation by stating that she or Executive Director Frank Troy would address any questions about the applications or the information provided.

Ms. Devane asked Ms. Rommell if there are measures taken to ensure the available funds are distributed evenly throughout the state during the application review process or if this cannot be done because of applicant dependency.

Ms. Rommell responded that we are primarily dependent on applicants. However, the Planned Parenthood of Northern, Central, & Southern New Jersey locations encompass the entire state of New Jersey. Ms. Rommell added that it also depends on who applies.

Ms. Devane asked Ms. Rommell if there is a way to ensure the funds are evenly distributed throughout New Jersey, in addition to confirming services are accessible statewide.

Mr. Troy responded that depending on who applies, these locations cover most of the State, and funds are widely disbursed geographically.

Mr. Lovell added that this is not the first round of loans, to which Ms. Rommell responded this is the second part of the third year of the application process and that we covered 13 locations at last month's meeting.

Mr. Lovell asked Ms. Rommell if applicants could submit multiple applications.

Ms. Rommell responded that most applicants have previously applied and received funds. However, checks are made during the application process verify requests are not duplicates..

Mr. Kapoor asked if the funds are available from the Agency or in the budget.

Mr. Troy responded that it is a State budget appropriation and that the Authority administers the program in conjunction with the Department of Health.

Mr. Lovell then asked for a motion to approve a resolution authorizing the approval of loan applications in the total amount of \$2,167,917.70 for Planned Parenthood Northern, Central and Southern NJ – Hamilton and Trenton, Planned Parenthood of Metropolitan New Jersey and LiveWell Health, formerly Family Planning Center of Ocean County. Mr. Sullivan offered the motion and Mr. Paulino seconded. Mr. Lovell 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. Mr. Lovell then called for a vote. All Members voted in the affirmative.

**AB RESOLUTION NO. 2024-12-A**

**NOW, THEREFORE, BE IT RESOLVED** that the Authority hereby approves “**A RESOLUTION AUTHORIZING FORGIVABLE LOANS FOR UPGRADES AT ENUMERATED FAMILY PLANNING FACILITIES AND APPROVING ENTERING INTO LOAN AGREEMENTS WITH SAID FACILITIES.**”

*(attached)*

**4. EXTENSION OF FOURTH AMENDMENT TO MEMORANDUM OF AGREEMENT BETWEEN THE AUTHORITY AND DEPARTMENT OF HUMAN SERVICES, DIVISION OF AGING**

Mr. Lovell called on Taryn Rommell to explain the details of the Fourth Amendment to the Memorandum of Agreement with the Department of Human Services, Division of Aging, for financial database management and analysis.

Ms. Rommell began by informing Members that since 2014, the Division of Research, Investor Relations & Compliance has been assisting the Department of Human Services, Division of Aging Services (“Human Services” or “Aging Services”) with a financial early warning system (or EWS) for long-term care facilities under a Memorandum of Agreement (the Agreement). This early warning system is similar to the ones created for acute care hospitals and federally qualified health centers.

Ms. Rommell reminded Members that under the Agreement, staff reviews and analyzes data from skilled nursing facilities on a quarterly basis. Staff calculates statewide medians for thirteen financial and operational metrics and prepares a list of those facilities that may be experiencing financial distress based on screens developed with Aging Services. Staff also responds to ad hoc requests as needed and provides Aging Services with national benchmarks. The Authority currently receives \$7,796.61 per quarter for these services. The Authority would be pleased to continue to work with the Department of Human Services with another extension which would have an expiration date of June 30, 2025. Authority staff recommended a previous version of this Memorandum of Agreement to Authority members in November 2023; however, due to the transition of the financial monitoring from the Department of Human Services to the Department of Health, Human Services felt a shorter expiration time was necessary.

Ms. Rommell concluded by stating that the proposed amendment in the Member packet has been reviewed by Authority staff and our Deputy Attorney General and that staff is now seeking approval. She further stated that she or Executive Director Frank Troy would be pleased to answer any questions.

Mr. Lovell asked for any additional questions, to which there were none.

Mr. Lovell then requested a motion to approve the Memorandum of Agreement with the Department of Human Services, Division of Aging to Provide Quarterly Financial Database

Maintenance and Data Analysis. Mr. Glyn offered the motion. Ms. Devane seconded. Mr. Lovell 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. Mr. Lovell then called for a vote. All Members voted in the affirmative.

#### **AB RESOLUTION NO. 2024-12-B**

**NOW, THEREFORE, BE IT RESOLVED**, that the Authority hereby adopts the resolution entitled, “**A RESOLUTION AUTHORIZING THE FOURTH AMENDMENT TO THE MEMORANDUM OF AGREEMENT WITH THE DEPARTMENT OF HUMAN SERVICES, DIVISION OF AGING SERVICES, AND THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY FOR QUARTERLY FINANCIAL DATABASE MAINTENANCE AND DATA ANALYSIS.**”

*(attached)*

#### **5. ANNUAL ACCEPTANCE OF RESOLUTION OF NJHCFFA INCUMBENCY CERTIFICATE**

Mr. Lovell called on Jessica Waite to explain the Resolution authorizing annual incumbency certificates to the Members.

Ms. Waite began by stating that in the Authority bond documents, an “Authorized Officer,” in the case of the Authority, shall mean the Chairman, Vice-Chairman, Secretary, Assistant Secretary, Treasurer, Assistant Treasurer or Executive Director or Deputy Executive Director, and when used with reference to any act or document also means any other person authorized by the by-laws or any resolution of the Authority to perform such act or execute such document.”

Ms. Waite said that the Authority is responsible for the expenditure of the costs of projects pursuant to the requisition policies approved by Authority, and the Authority recognizes the need for prompt and timely decisions made by the Authority personnel to facilitate investment purchases and to provide direction to Bond Trustees on revenues in accordance with bond indentures.

Ms. Waite reminded Members that in December each year, Members are asked to reauthorize the Resolution delegating the staff identified in Exhibit A of your meeting materials, as Authorized Officers of the Authority, responsible for the day-to-day activities related to the requests of disbursement requisitions, investments, allocation of revenues, and to take such other action as may be necessary or appropriate in order to effectuate the actions contemplated by the Resolution.

At this time, we are asking Members to approve the delegation of those individuals.

Ms. Waite concluded by stating she would address any questions Members may have.

Mr. Lovell asked Members if they had any questions. There were no questions. Mr. Lovell then asked for a motion to adopt the Resolution authorizing the adoption of annual NJHCFFA incumbency certificates. Mr. Paulino made the motion and Mr. Glyn seconded. Mr. Lovell then called for a vote. All Members voted in the affirmative.

#### **AB RESOLUTION NO. 2024-12-C**

**WHEREAS**, the Authority hereby approves a resolution entitled, **“RESOLUTION OF THE AUTHORITY AUTHORIZING THE ADOPTION OF ANNUAL INCUMBENCY CERTIFICATES PROVIDED TO THE APPROVED TRUSTEE BANKS”**

*(attached)*

#### **6. AUTHORITY EXPENDITURES**

Mr. Lovell 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. There were no questions. Mr. Lovell requested a motion to approve the bills and authorize payment. Mr. Sullivan made the motion to approve the expenses. Mr. Glyn seconded. Mr. Lovell 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. Mr. Lovell 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. 2024-12-D**

**WHEREAS**, the Members of the Authority have reviewed the memoranda dated December 11, 2024, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and the memorandum dated December 11, 2024, summarizing general operating expenses, in the amounts of \$10,500 and \$12,250.70, 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. EXECUTIVE SESSION

Mr. Lovell then announced that as permitted by the Open Public Meetings Act and by the Authority's By-Laws, Members will now meet in Executive Session to discuss personnel matters.

Mr. Lovell further advised Members that the results of this Executive Session's discussions will be made public when the need for confidentiality no longer exists. Mr. Lovell asked Members for a motion to move into Executive Session. Mr. Glyn made the motion and Mr. Kapoor seconded. Mr. Lovell 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. Mr. Lovell called for a vote. All Members voted in the affirmative, and the motion was approved.

Mr. Lovell advised Members an Executive Session breakout room is available within Microsoft Teams.

Mr. Troy advised Members that Mr. Glyn is setting up the room. Members moved into Executive Session at 10:30 a.m.

### **AB RESOLUTION NO. 2024-12-E**

**NOW, THEREFORE, BE IT RESOLVED**, that, as permitted by the Open Public Meetings Act and the Authority's By-laws, the Authority meet in Executive Session to discuss personnel matters;

**BE IT FURTHER RESOLVED**, that the results of discussions may be made known at such time as the need for confidentiality no longer exists.

The Member returned to Public Session at 10:41 a.m.

## 8. APPROVAL OF PERSONNEL MATTERS DISCUSSED IN EXECUTIVE SESSION

Mr. Lovell asked for a motion to approve the personnel matters discussed in Executive Session. Mr. Glyn offered the motion. Mr. Kapoor seconded the motion. Mr. Lovell 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. Mr. Lovell called for a vote. All Members voted in the affirmative, and the motion was approved.



## AB RESOLUTION NO. 2024-12-F

**NOW, THEREFORE, BE IT RESOLVED** that the personnel matters discussed in Executive Session have been approved.

### 9. STAFF REPORTS

Mr. Lovell asked Executive Director Frank Troy to present his Executive Director's report.

Mr. Troy reported the following:

1. I would like to thank the Governor's Authorities Unit and the Office of the Attorney General for their assistance and support in 2024 and every year. We could not function without them. Also, I would like to thank the Members for their support and diligence.
2. New Jersey Hospital News
  - a) Several articles were included this month on the CarePoint Health bankruptcy, its former suitor, Insight Health, and its current suitor, Hudson Regional Hospital. The State Health Planning Board voted to recommend approval by the Department of Health of Hudson's Certificate of Need application to acquire the operating company of CarePoint's Bayonne Medical Center at its December 12, 2024, meeting. The Commissioner of Health has 120 days to act on the matter.
  - b) Atlantic Health System CEO Brian Gragnolati has announced his retirement. Mr. Gragnolati has headed the system since 2015 and will stay with the organization until his successor is in place. We wish him well in his retirement.
  - c) In RWJBarnabas Health news, former U.S. senator and Governor Murphy chief of staff George Helmy is returning to his post as chief external affairs and policy officer. Robert Wood Johnson University Hospital Somerset is commemorating its 125<sup>th</sup> anniversary. The hospital started as a 12-bed house and is now licensed for 330 beds.
  - d) David Hughes has been named president and CEO of Shore Memorial Hospital, succeeding Ron Johnson, who is retiring after serving in that capacity since 2010. Mr. Hughes was previously serving as the hospital's chief financial officer.
  - e) U.S. News and World Report listed New Jersey's best hospitals for delivering babies; an article is included in this month's mailing.
  - f) According to the New Jersey Hospital Association, the state's hospitals contributed \$31.4 billion in economic benefit, while providing 18 million patient care encounters in 2022. Hospital-specific data can be found at: [www.njha.com/economic-impact-report/](http://www.njha.com/economic-impact-report/)

### 3. Ratings Agency Actions and Publications

- a) Fitch Ratings (“Fitch”) released its 2025 U.S. not-for-profit hospitals and health systems outlook, revising the sector’s outlook from Deteriorating to Neutral. Fitch noted a “trifurcation of credit quality,” which, in my view, reflects New Jersey. Per Fitch, approximately 20% of credits are strong or improving. 65% are stuck “in neutral,” and about 15% are deteriorating.
- b) Moody’s Ratings (Moody’s”) also released its 2025 outlook maintaining a Stable outlook on the sector. Moody’s tends to focus on operating cash flow margin, which has improved, but they note a slowing in the pace of recovery from the pandemic years.

### 4. New Jersey Health Care News

- a) Three-quarters of New Jersey residents say they are somewhat or very worried about the cost of health care, and 60 percent are either “somewhat” or “very” worried about their health care insurance premiums. Authority staff can relate.
- b) Several New Jersey skilled nursing facilities have been in the news lately for substandard care and/or self-dealing Medicaid frauds.

### 5. National Health Care News

- a) The October 2024 Kaufman Hall National Hospital Flash Report noted, among other things, that outpatient revenue continues to grow, suggesting a shift in how patients seek care. This could be an issue for the Authority as outpatient care typically involves for-profit partners that often excludes the use of tax exempt financing.
- b) Kaufman Hall, managing director and friend of the Authority Lisa Goldstein’s latest blog speaks of a new “Triple A”: Access, Accretive, and Ambulatory. Access includes in-person, virtual, digital, and physician networks. Accretive suggests new service lines, mergers, joint ventures, etc. must be cash flow positive quickly. Ambulatory means a focus on the ever growing shift of services that are leaving the hospital for lower-cost settings.
- c) Goldstein’s boss, Ken Kaufman, talks about “misadventures in primary care” in his latest blog. He discusses the success or lack of thereof of the “disrupters: such as Walmart and Walgreen’s ventures into primary care.
- d) According to a Gallup poll, American’s outlook on the quality of health care is at a 24-year low. Thirty-three percent of U.S. adults rate American health care as excellent, 11 percent rate it as good. The combined 44 percent is a 10 percent drop from 2020.

- e) A Healthcare Financial Management Association (“HFMA”) article looks at the “perfect storm” facing U.S. health care – aging patients, rising costs, and aging providers. Much has been written about the “age wave” and cost of health care but the fact that as of 2021, half of active U.S. physicians are 55 or older.
- f) Another HFMA article looks at the positives associated with mergers such as a means to counter the buying powers of insurers and government purchasers.
- g) Nine months after the largest health care data breach in history the United Healthcare subsidiary, Change Healthcare (“Change”), is back online. Change acts as a clearing house for over 15 million claims a year.
- h) I have included a few articles on what the health care sector may expect from the upcoming administration.

## 6. Bond and Tax Legislation and Regulatory News

- a) Inflation rose 2.7% in November, in line with expectations. Housing costs were a major contributor.
- b) Municipal bond market participants and trade associations continue to express their concerns and goals for the incoming Trump administration and the new Congress. Preserving tax exemption of private activity bonds such as those issued by the Authority is the most important priority.
- c) Health care merger activity was a major focus of the Biden administration. Whether it will remain so is yet to be seen.

## 7. Other News

According to PNC Bank, the cost of giving your special someone the gifts listed in the Twelve Days of Christmas will cost you \$49,263 this year, up 5.4%. “Geese-a-Laying” lead the increase at 15.4%.

## 8. Authority News

The next regular Authority meeting will be Thursday, January 23, 2025, at 10:00AM. On behalf of everyone here at the Authority, Happy Holidays. Thank you.

## 10. ADJOURN

As there was no further business, Mr. Lovell asked for a motion to adjourn. Mr. Glyn made the motion and Mr. Sullivan seconded. Mr. Lovell 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. Mr. Lovell then called for a vote. All Members voted in the affirmative and the meeting was adjourned at 10:51 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 DECEMBER 19, 2024.

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Cindy Kline, Assistant Secretary