

These are the Minutes of the New Jersey Health Care Facilities Financing Authority’s regular meeting held on January 23, 2025, on the fourth floor of Building #4, Station Plaza, 22 South Clinton Avenue, Trenton, NJ.

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

On-site: Greg Lovell, Designee of the Commissioner of Human Services. Via Microsoft Teams: Noah Glyn, Designee of the Commissioner of Health (Chairing); Manny Paulino, Designee of the Department of Banking and Insurance; and Public Members Bridget Devane, Arthur Kapoor and Tom Sullivan.

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

On-Site: Frank Troy, Ron Marmelstein, Cindy Kline, Jeff Solimando, Edwin Fuentes, Taryn Rommell, Jose Lora, Bill McLaughlin and Alpa Patel. On the phone: 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 and Carrie Camp, NJ Department of Health.

CALL TO ORDER

Noah Glyn, Designee of the Commissioner of Health called the January 23, 2025, Authority meeting to order at 10:01 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. Glyn called on Authority Communications Specialist Jeff Solimando, to call the roll and establish attendance.

After establishing a quorum, Mr. Glyn reminded Members on the phone and in person to identify themselves before making or seconding a motion.

1. APPROVAL OF MINUTES **- December 19, 2024**

Minutes for the Authority’s last regular meeting held on December 19, 2024, were distributed for the Members review and approval prior to today’s meeting. Mr. Glyn reminded Members that only those in were attendance or who have familiarized themselves with the minutes should vote. Mr. Glyn requested a motion to approve the December 19, 2024, Minutes. Mr. Sullivan made the motion and Mr. Kapoor seconded. Mr. Glyn 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. Glyn then called for a vote. All Members voted in the affirmative,

2. 2025 DEBT MANAGEMENT PLAN

Mr. Glyn called on Bill McLaughlin, Authority Director of Project Management, to present the Authority's 2025 Debt Management Plan.

Mr. McLaughlin began his presentation by reminding Members that under Executive Order No. 26 (WHITMAN), the Authority is required to prepare an annual Debt Management Plan and submit it to the Treasurer of the State of New Jersey. The Debt Management Plan for 2025, which has been distributed to the Members, reflects financings that were completed during 2024 and identifies two bond financings that are anticipated for 2025, along with a description of each project, the anticipated issue size, security, expected ratings and a proposed method of sale.

Mr. McLaughlin advised Members there is no anticipated activity for either the Master Lease Program, Composite Program, or the Equipment Revenue Note Program. He stated that the proposed plan excludes any Capital Asset Program (CAP) loans since these transactions do not involve the issuance of new debt.

Mr. McLaughlin concluded by stating that, as in prior years, the total volume for 2025 is subject to change, depending upon market conditions and borrowers' preferences. He then asked Members for approval of the proposed plan and the authorization to submit it to the Treasurer.

Mr. Glyn asked for a motion to approve the Authority's 2025 Debt Management Plan and submit it to the Treasurer under the requirements of Executive Order No. 26 (Gov. Whitman). Mr. Paulino made the motion. Mr. Kapoor seconded. Mr. Glyn 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. Glyn called for a vote. All Members voted in the affirmative and the motion passed.

AB RESOLUTION NO. 2025-01-A

WHEREAS, the Members of the Authority have reviewed the memorandum dated January 14, 2025 regarding the 2025 Debt Management Plan.

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby approves a motion to adopt the proposed 2025 Debt Management Plan and submit it to the State Treasurer in accordance with the requirements of Executive Order No. 26 (Gov. Whitman).

3. SPECIAL ELECTION - Vice Chair

Mr. Glyn advised Members that since the recent expiration of Public Member David G. Brown's term created a vacancy in the position of vice chair, staff is recommending the election of a replacement to serve in that capacity until a new slate of officers is installed at the Authority's May 2025 Annual Meeting. As such, Mr. Glyn announced he is opening up the floor for nominations. He then asked those participating Members to state their names and the names of their nominees for the record.

Manny Paulino nominated Greg Lovell, to serve as vice-chair for the remainder of Mr. Brown's term and until the Authority's May 2025 Annual Meeting.

Mr. Glyn asked Mr. Lovell if he consented to the nomination. Mr. Lovell responded in the affirmative. Since no additional nominations were made, Mr. Glyn declared nominations closed. Mr. Sullivan seconded the nomination.

Mr. Glyn confirmed Manny Paulino made the motion and asked for a second. Mr. Sullivan seconded the motion. Mr. Glyn confirmed Mr. Sullivan seconded the motion and asked Members if they had any questions or comments and there were none. Mr. Glyn called for a vote. All Members voted in the affirmative, and the motion passed.

4. RESOLUTION OF APPRECIATION - David G. Brown II

Mr. Glyn asked Jeff Solimando to read the Resolution of Appreciation for David G. Brown II to the Members.

Mr. Solimando offered to express the Authority's appreciation for Mr. Brown's dedicated service by having Members approve the following resolution, which he read aloud:

WHEREAS, the New Jersey Health Care Facilities Financing Authority ("Authority") was created through the enactment of Chapter 29, Laws of New Jersey 1972, which was amended in January of 1998 to ensure that all health care organizations have access to financial resources that improve the health and welfare of the citizens of this State; and

WHEREAS, on October 29, 2020, David G. Brown II was confirmed by the New Jersey State Senate after being nominated by Governor Philip D. Murphy on August 8, 2020, to serve as a Public Member of the Authority; and

WHEREAS, David G. Brown II offered his time and expertise on a variety of subjects that were of special interest and benefit to the Authority; and

WHEREAS, David G. Brown demonstrated initiative and leadership qualities in serving as Authority meeting Chair; and

WHEREAS, in his capacity as Public Member, David G. Brown II provided guidance on matters affecting general and specific operations of the Authority; and

WHEREAS, the Authority wishes to acknowledge David G. Brown II's commitment to the Authority and to applaud the integrity with which he helped carry out the Authority's mission and goals;

NOW, THEREFORE, BE IT RESOLVED, that the New Jersey Health Care Facilities Financing Authority hereby expresses its enormous gratitude and sincere appreciation to David G. Brown II; and

BE IT FURTHER RESOLVED that a copy of this *Resolution of Appreciation* be formally presented to David G. Brown II as a tribute from the Authority for his service and accomplishments.

Mr. Glyn then asked for a motion to approve the Resolution of Appreciation for David G. Brown II. Ms. Devane offered the motion. Mr. Sullivan seconded. Mr. Glyn 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. Glyn called for a vote. All Members voted in the affirmative and the motion passed.

AB RESOLUTION NO. 2025-01-B

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled "**RESOLUTION OF APPRECIATION FOR DAVID G. BROWN II.**" as a Public Member of the Authority and thanks him for his service."

(attached)

5. AUTHORITY EXPENDITURES

Mr. Glyn 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. Mr. Glyn requested a motion to approve the bills and authorize payment. Mr. Paulino made the motion to approve the expenses. Mr. Kapoor seconded. Mr. Glyn 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. Glyn 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. 2025-01-C

WHEREAS, the Members of the Authority have reviewed the memoranda dated January 15, 2025, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and the memorandum dated January 15, 2025, summarizing general operating expenses, in the amounts of \$13,627.37 and \$216,630.10, 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

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

Mr. Troy reported the following:

1. I would like to thank Mr. Lovell for serving as the Authority's Vice Chair and all of the Members for their continued support.
2. New Jersey Hospital News
 - a) Several articles were once again included this month on the CarePoint Health ("CarePoint") bankruptcy. The State's Department of Health has taken issue with CarePoint's bankruptcy court filing which called the State funding of the system "woefully inadequate" and asked the court to force CarePoint to amend its disclosure. Also in connection with the bankruptcy, CarePoint Health told employees at its three hospitals that it is taking away all of their accrued paid time off ("PTO") and capping future PTO. At least two unions plan to challenge the hospital network's decision.
 - b) Atlantic Health System will be revising plans for its \$1 billion expansion of Morristown Medical Center after town officials and residents expressed concerns about the project's effect on traffic, noise and overall quality of life.
 - c) In RWJBarnabas Health news, President and Chief Executive Officer Mark Manigan was named to Becker's Hospital Review's list of 64 CEO Influencers to Know. Chief Operating Officer John Doll was named to Becker's list of COOs to Know. Eric Kleinert was named Chief Administrative Officer of Robert Wood Johnson University Hospital Rahway, succeeding Kirk Tice who retired after nearly 50 years at the Rahway facility.

- d) St. Luke's University Health Network ("St. Luke's"), parent of St. Luke's Warren Hospital in Phillipsburg, has signed a definitive agreement to acquire Grand View Health based in Sellersville, PA. The proposed transaction is subject to regulatory review.
- e) HPAE members ratified a new three-year contract with University Hospital. The agreement included total wage increases of 8.5 to 11.0% over the life of the contract.
- f) David De Simone was named chief administrative officer and general counsel of St. Joseph's Health. Mr. De Simone was most recently chief counsel of Ohio Living, a senior living, home health and hospice provider based in Columbus. Prior to that he was senior vice president and chief legal officer at CentraState Health System.
- g) Douglas Zehner has been appointed chief financial officer of Holy Name Medical Center. Mr. Zehner most recently held various leadership positions at RWJBarnabas Health. He replaces Ryan Kennedy who recently became chief financial officer of Beebe Healthcare in Delaware.

3. Ratings Agency Actions and Publications

- a) S&P Global ("S&P") released its 2025 U.S. not-for-profit acute health care outlook viewing the sector as Stable. S&P noted good demand for services and an easing of operating expenses pressures. Some significant headwinds remain such as labor shortages, particularly physicians, the increasing number of Medicare beneficiaries and regulatory uncertainties. S&P's Stable sector outlook is the same as Fitch Ratings ("Fitch") and Moody's Ratings.
- b) The slides from Fitch's 2025 sector outlook webcast are included with this month's articles.
- c) S&P affirmed Virtua Health, Inc.'s ("Virtua") AA- rating citing its sound enterprise profile, leading market share and experienced management team. The outlook is Stable. You may recall Fitch affirmed their AA- rating of Virtua in October 2024, but revised the outlook to Positive.

4. National Health Care News

- a) The November 2024 Kaufman Hall National Hospital Flash Report noted that labor-related expenses rose during the month, despite a decrease in patient volumes.
- b) Private equity in health care continues to receive negative attention. A bipartisan U.S. Senate Budget Committee investigation found two private equity firms were "putting their own profits over patients, leading to health and safety violations, chronic understaffing, and hospital closures". One of the firms invested in the now bankrupt Prospect Medical Holdings ("Prospect") which for a time owned what is now CareWell Health Medical Center in East Orange. Interestingly, according to the American

Hospital Association, only about 20% of U.S. hospitals are for-profit despite the amount of press they receive.

- c) A Healthcare Financial Management Association article takes a deeper look into sponsored research. A study on the impact of hospital mergers, not peer reviewed but published, suggested mergers are conspiracies between hospitals to extract economic rents from employers in the surrounding communities and the resultant rate increases that can follow mergers caused 10,000 deaths over a seven year period.
- d) Several articles distributed this month focus on health care spending in the U.S. which is widely accepted as being higher than other developed countries but without better results. Administrative costs, specialists, vague hospital pricing and the cost of drugs were among several reasons cited in a USA Today article. In the same article, according to a Rice University economist, health insurance companies made \$25 billion in profits last year while hospitals took in \$90 billion.
- e) The Civil War-era False Claims Act (the “Act”) continues to be lucrative for the Department of Justice. 2024 settlements and judgements under the Act totaled \$2.9 billion with \$1.7 billion (59%) related to health care.
- f) The Biden administration finalized a rule that removes medical debt from consumer credit reports and bars lenders from using medical information in lending decisions. The rule is estimated to affect 15 million Americans with \$49 billion of medical debt.
- g) A record number of people, almost 24 million, signed up for health coverage with the Affordable Care Act Marketplace with more time left to enroll. Last year’s enrollment was 21.4 million.

6. Bond and Tax Legislation and Regulatory News

- a) The municipal bond market had a very good 2024, with a record issuance of \$507.6 billion, up over 31% from 2023. The previous record was \$484.6 billion in 2020. Tax-exempt issuance in 2024 was \$446.7 billion. The Authority had a very good year as well issuing \$1.1 billion. Among the states, New Jersey was 10th with a total of \$12.8 billion, up 67.7% from 2023.
- b) Once again, the tax-exempt status of municipal bonds, and private activity bonds like those issued by the Authority in particular, is getting significant attention. A number of articles and other resources on the subject were included with this month’s articles. Eliminating the tax exemption of new private activity bonds is among revenue raising options floated by the Congressional Budget Office and the House Ways and Means Committee. Other potential options would affect our borrowers which ultimately impacts us. Repealing the low income housing tax credit would discourage investment in 142 (d) assisted living projects such as Village Drive Healthcare Urban Renewal. More serious would be eliminating the nonprofit status of hospitals which have the perception that they make huge profits and do not provide enough charity care to justify

tax-exempt status. The Authority will support and join advocacy efforts by our trade association, the National Association of Health and Educational Facilities Finance Authorities (“NAHEFFA”) and other State authorities.

- c) A number of proposals aimed at reducing health care spend could also ultimately affect the Authority. Medicaid spending is “on the table” as President Trump has promised not to cut Medicare or Social Security, although this may be politically difficult. Site neutral payments, elimination of the Inpatient Only (“IPO”) list and expansion of the ambulatory surgery center covered list would drive volumes away from the hospital and into ambulatory settings which are not typically financed by bonds.

7. Authority News

- a) In June of 2007 the Authority adopted Resolution No. HH-28 which lowered certain Authority fees but created an automatic annual adjustment to the amount of bonds that would be subject to the Authority’s initial fees and annual fees (the “fee cap”). The resolution called for the adjustment of the fee cap based on the change in the average of the Consumer Price Index for all Urban Consumers (“CPI-U”) in the New York City and Philadelphia regions. For the twelve-month period ending December 31, 2024, the CPI-U in the New York City region increased 4.3% and in the Philadelphia region prices increased 3.3%, for an average increase of 3.8%. Therefore, with rounding to the nearest \$100,000, the initial fee of 2.5 basis points will now be collected on the first \$126,000,000 in bonds issued by the Authority or a maximum of \$31,500, an increase of \$1,150. Per series fees shall continue to be \$10,000 for each series.
- b) The next regular Authority meeting will be Thursday, February 27th, 2025, at 10:00AM.

7. ADJOURN

As there was no further business, Mr. Glyn asked for a motion to adjourn. Mr. Kapoor made the motion and Mr. Sullivan seconded. Mr. Glyn 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. Glyn then called for a vote. All Members voted in the affirmative and the meeting was adjourned at 10:23 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 JANUARY 23, 2025.

CINDY SIGNED, I HAVE COPIES

Cindy Kline, Assistant Secretary