

These are the Minutes of the New Jersey Health Care Facilities Financing Authority's regular meeting held on July 24, 2025, 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: Noah Glyn, Designee for the Commissioner of the Department of Health (Chairing); Greg Lovell, Designee for the Commissioner of the Department of Human Services; Manny Paulino, Designee for the Commissioner of the Department of Banking and Insurance; and Public Members, Bridget Devane and Sam Maddali.

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

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

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

On-site: Stephanie Gibson, Attorney General's Office; Sam Kovach-Orr, Governor's Authority Unit. ***Via Microsoft Teams:*** John Kelly, Bond Counsel, Wilentz, Goldman and Spitzer; Rick Hand, Senior Vice President, Hackensack Meridian Health; and Kaitlin Wojtowicz, Executive Director, Planned Parenthood Action Fund of New Jersey.

CALL TO ORDER

Noah Glyn, Designee of the Commissioner of Health, called the July 24, 2025, Authority meeting to order at 10:03 a.m. by announcing that this was a regular meeting of the Authority, held in accordance with the schedule adopted at the May 22, 2025, Authority meeting.

Mr. Glyn stated that in compliance 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 the Authority's Communications Specialist, Jeff Solimando, to call the roll and establish attendance; however, before the roll was called, Mr. Glyn asked voting Members to turn their cameras on as they voted.

After the roll was called, a quorum was established.

1. APPROVAL OF MINUTES

- June 26, 2025

The Minutes of the Authority's last regular meeting, held on June 26, 2025, were distributed for the Members' review and approval prior to today's meeting.

Mr. Glyn reminded Members that only those in attendance or who have familiarized themselves with the minutes should vote.

Mr. Glyn then requested a motion to approve the June 26, 2025, Minutes. Ms. Devane made the motion and Mr. Maddali seconded after confirming with Mr. Troy that although absent from the Authority's June meeting, he did familiarize himself with last month's minutes and was therefore to vote .

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, except for Mr. Paulino who abstained, and the motion was approved.

Before moving forward with the meeting's second agenda item, Mr. Glyn paused for an announcement from the Authority's Executive Director, Frank Troy.

Mr. Troy advised Members that prior to today's meeting, Public Member Bridget Devane forwarded a statement to the Authority citing a potential conflict of interest and is recusing herself from all matters relating to the Hackensack University Medical Center Issue, Series 2015A bond document amendments and that she requested in her statement that the Authority refrain from forwarding her materials related to this matter.

Mr. Troy stated that Ms. Devane's recusal will remain in effect until it is rescinded. He then thanked her for her transparency and approach to serving as a public member of the Authority.

2. AMENDMENTS TO BOND DOCUMENTS

- Hackensack University Medical Center Issue, Series 2015A

Mr. Glyn called on Edwin Fuentes to explain the proposed amendments to the Hackensack University Medical Center Issue, Series 2015A bond documents.

Mr. Fuentes began by introducing John Kelly of Wilentz, Goldman, and Spitzer, serving as Bond Counsel for the proposed amendments and Mr. Rick Hand, Senior Vice President of Hackensack Meridian Health.

Mr. Fuentes then advised Members that according to the provisions of the Series' Trust Agreement (the "Agreement"), the Borrower and the Initial Purchaser, TD Bank, both agreed to have the bonds bear interest at a new interest rate, extend and change the mandatory purchase date of the bonds, and transfer ownership of the bonds to TD Public Finance LLC, an affiliate of TD Bank.

Mr. Fuentes stated that to facilitate these proposed changes, the existing Agreement should be amended and restated to reflect TD Public Finance LLC as the new 'Purchaser', initiate the new rate, extend and change the mandatory purchase date, and capture any other amendments or modifications as may be necessary; all of which are reflected in the resolution under consideration.

Mr. Fuentes concluded by saying that he, Mr. Kelly and Mr. Hand would address any questions.

Mr. Glyn thanked Mr. Fuentes and then asked if there were any further questions regarding the presentation. There were none. He then asked for a motion to approve the amendments to the Hackensack University Medical Center Issue, Series 2015A bond documents. Mr. Lovell offered the motion. Mr. Maddali 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 motion was approved.

AB RESOLUTION NO. 2025-07-A

NOW, THEREFORE, BE IT RESOLVED that the Authority hereby approves the Resolution entitled, **“RESOLUTION OF THE NEW JERSEY HEALTH CARE FACILITIES FINANCING AUTHORITY AUTHORIZING CERTAIN AMENDMENTS TO THE DOCUMENTATION RELATING TO ITS OUTSTANDING REFUNDING BONDS, HACKENSACK UNIVERSITY MEDICAL CENTER ISSUE, SERIES 2015A AND OTHER INCIDENTAL ACTIONS RELATED THERETO.”**

(attached)

3. FIFTH AMENDMENT TO MEMORANDUM OF AGREEMENT BETWEEN THE AUTHORITY AND DEPARTMENT OF HUMAN SERVICES, DIVISION OF AGING

Mr. Glyn called on Taryn Rommell to explain the details of the Fifth 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) which expired June 30, 2025. This early warning system is similar to the ones created for acute care hospitals and federally qualified health centers.

Ms. Rommell stated that under the Agreement, staff reviews and analyzes data from skilled nursing facilities quarterly. Staff calculates statewide medians for thirteen financial and operational metrics and prepares a list of facilities that may be experiencing financial distress

based on screens developed in collaboration with Aging Services. Staff also responds to ad hoc requests as needed and provides Aging Services with national benchmarks. The Authority currently receives \$8,186.44 per quarter for these services. Aging Services has requested an extension of the Agreement, and the Authority would be pleased to continue working with the Department of Human Services under a fifth amendment, which would have an expiry date of September 30, 2025.

Ms. Rommell advised Members that the proposed amendment in their packets has been reviewed by Authority staff and our Deputy Attorney General, and we are now requesting approval.

Ms. Rommell concluded by stating that Mr. Troy or she would be pleased to answer questions.

Mr. Glyn asked if there were any additional questions, to which there were none.

Mr. Glyn 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. Maddali offered the motion. Mr. Paulino 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.

AB RESOLUTION NO. 2025-07-B

NOW, THEREFORE, BE IT RESOLVED, that the Authority hereby adopts the resolution entitled, “**A RESOLUTION AUTHORIZING THE FIFTH 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)

4. 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. There were none.

Mr. Glyn requested a motion to approve the bills and authorize payment. Mr. Lovell made the motion to approve the expenses. Mr. Paulino 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 to accept all expenses as submitted and authorize payment.

AB RESOLUTION NO. 2025-07-C

WHEREAS, the Members of the Authority have reviewed the memoranda dated July 16, 2025, summarizing expenses incurred by the Authority in connection with Trustee/Escrow Agent/Paying Agent fees and the memorandum dated July 16, 2025, summarizing general operating expenses, in the amounts of \$31,004.00 and \$18,839.00 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.

5. STAFF REPORTS

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

Mr. Troy reported the following:

1. On July 4, 2025, the "One Big Beautiful Bill" Act was signed by President Trump. It included no provisions that negatively affect private activity bonds such as those issued by the Authority. Several provisions, however, will have a negative impact on the State and our borrowers.

2. New Jersey Hospital News

- a) Virtua Health ("Virtua") and Delaware-based ChristianaCare ("Christiana") have signed a non-binding letter of intent to explore the co-founding of a regional health system.

The combined system would have over 600 sites in ten contiguous counties in New Jersey, Delaware, Pennsylvania, and Maryland. Virtua and Christiana will now engage in a due diligence process with the intent of signing a definitive agreement and seek regulatory approvals. Both organizations are rated AA, high investment grade, by the major rating agencies and are recognized for their quality care.

- b) Newly formed Hudson Regional Health System announced the rebranding of its four member hospitals: Hudson Regional Hospital is now Secaucus University Hospital, Bayonne Medical Center is now Bayonne University Hospital, Hoboken University Medical Center is now Hoboken University Hospital, and Christ Hospital is now The Heights University Hospital.
- c) Hoboken City Council unanimously approved a hospital redevelopment zone which includes Hoboken University Hospital, the CarePoint Health Neighborhood Health Center, and a municipal parking garage. The City's planning board had recently voted for redevelopment of the properties.
- d) The State Supreme Court ruled against 14 hospitals that filed a lawsuit in 2017 claiming the State's charity care law was an unconstitutional taking. The hospital argued that payments received through the charity care system were insufficient to offset the cost of treating patients without insurance or the ability to pay on their own. The suit was led by Englewood Health and included facilities from Hackensack Meridian Health, Capital Health, and the former CarePoint Health system. Lawyers for the hospitals intend to appeal to the U.S. Supreme Court.
- e) The first phase of a redevelopment project at University Hospital began earlier this month. A new clinical outpatient and administrative building offering ambulatory and multi-specialty care is scheduled for completion in 2027.

3. Ratings Agency Actions and Publications

- a) Moody's affirmed Atlantic Health System's ("AHS") rating of Aa3, citing strong liquidity and its favorable market position. The outlook is Stable. AHS is rated the equivalent AA- by S&P Global Ratings, also with a Stable outlook.
- b) A recent Fitch Wire suggests that the "One Big Beautiful Bill" Act will pose significant long-term challenges for not-for-profit hospitals. However, since many of its provisions do not take effect until 2027 and beyond, hospitals will have time to prepare

4. New Jersey Health Care News

- a) According to a study by WalletHub, New Jersey ranks 43rd in terms of the percentage of median household income spent on health insurance at 5.72%. Vermont was the highest at 19.61%, its neighbor, New Hampshire, was the lowest at 4.02%.
- b) *NJBIZ* published its "2025 People to Watch in Health Care" list, which included a number of the State's hospital and health system executives.

5. National Health Care News

- a) The latest report from the Medicare Hospital Insurance Trust Fund trustees forecasts running out of money in 2033, a three-year acceleration from last year's estimate. Increased utilization and the decrease in the ratio of beneficiaries to workers are among the causes.

- b) Several articles were distributed to the Members regarding the “One Big Beautiful Bill” Act (the “Act”). While federal funds will be reduced for the states including New Jersey, a number of the Act’s provisions such as tying state-directed payments for services to average Medicare rates rather than commercial insurance rates will be phased in over time giving states and providers an opportunity to plan and lobby for relief. Congress has a long history of delaying or repealing onerous parts of legislation.
- c) Medicare’s federal fiscal year 2026 proposed increase for hospital outpatient care is 2.4% which was immediately labeled inadequate by the industry. Other proposals that would negatively affect hospitals include paying for drug administration services at the physician payment rate (also known as site neutrality) and phasing out the inpatient-only list (the “IPO”). Currently Medicare pays 200 to 300% more for drug administration in a hospital outpatient department than the same service in a physician’s office. Phasing out the IPO would allow more procedures to be performed in an ambulatory setting, thereby taking volume away from hospitals. It would be eliminated over three years, starting with 285 musculoskeletal and other procedures in 2026.
- d) Hackers are increasingly targeting physician practices and ambulatory surgical centers as they often do not have the level of cybersecurity employed by most hospitals but still have valuable patient information.
- e) Consulting firm Sg2 released a ten-year forecast anticipating shifts in sites of care, including growth in outpatient volumes of 18%, inpatient discharge growth of 5% and post-acute care growth of 31%.
- f) Kaufman Hall released the May 2025 “National Hospital Flash Report” noting weaker operating margins during the month. Year-to-date margins remain slightly higher than 2024, at 3.3% and 2.2%, respectively. For comparison purposes, the Apollo System 2024 statewide median was 2.1%. Consulting firm Strata, however, reports lower margins in 2025 at 1.1% and notes decreases in emergency room volume, something we have observed with many New Jersey hospitals.

6. Bond and Tax Legislation and Regulatory News

None

7. Other News

None

8. Authority News

- a) The State’s actuary has recommended a 37% increase in health care premiums for the plan Authority employees participate in. This after several years of double-digit increases. Please

be aware that there will be a substantial increase in fringe benefit expense in the 2026 operating budget.

- b) Audit Committee members are reminded there will be a telephonic meeting on Monday, August 11, 2025, at 10:30 a.m.
- c) The next regular Authority meeting will be Thursday, August 28, 2025, at 10:00 a.m.

6. ADJOURN

As there was no further business, Mr. Glyn asked for a motion to adjourn. Mr. Lovell made the motion and Ms. Devane 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 was the meeting adjourned at 10:25 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 JULY
24, 2025.

Cindy Kline, Assistant Secretary