

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Minutes of Authority Board Meeting

May 16, 2018

The State of Connecticut Health and Educational Facilities Authority met at 1:30 p.m. on Wednesday, May 16, 2018.

The meeting was called to order at 2:05 p.m. by Dr. Peter Lisi, Chairman of the Board of Directors of the Authority. Those present and absent were as follows:

PRESENT:           Dr. Peter W. Lisi, Chairman  
                      Michael Angelini  
                      John M. Biancamano, Vice Chair  
                      Robert S. Dakers (Designee for Benjamin B. Barnes, OPM Secretary)  
                      Elizabeth C. Hammer  
                      Barbara B. Lindsay, Esq.  
                      Dr. Estela Lopez  
                      Christopher P. Martin (Designee for Denise Nappier, Treasurer)  
                      Barbara Rubin

ABSENT:           Mark Varholak

ALSO PRESENT:   Jeanette W. Weldon, Executive Director  
                      Robert Jandreau, Sr. Finance Associate  
                      Daniel Kurowski, Financial Analyst  
                      Andrew Kwashnak, Systems & Data Analyst  
                      JoAnne N. Mackewicz, Controller  
                      Michael F. Morris, Managing Director  
                      Cynthia D. Peoples, Managing Director  
                      Debra M. Pinney, Manager, Administrative Services  
                      Jennifer Smyth, Legal Services Specialist  
                      David Wasch, Government Programs Specialist/Legislative Liaison  
                      Betty Weintraub, Grant Manager  
                          of the Connecticut Health and Educational Facilities Authority

GUESTS: Stella Gittens, Senior Director, PFM Financial Advisors LLC<sup>1</sup>  
Laurie Hall, Esq., Hawkins, Delafield & Wood LLP<sup>2</sup>  
Thomas S. Marrion, Esq., Partner, Hinckley, Allen & Snyder LLP<sup>3</sup>  
David Panico, Esq., Robinson + Cole LLP  
Namita Shah, Esq., Day Pitney LLP  
Eric Taylor, Esq., Harris Beach PLLC  
Jane Warren, Esq., McCarter & English, LLP

## **INTRODUCTION**

Dr. Lisi introduced CHEFA's newest board member, Mr. Christopher P. Martin, Assistant Treasurer, Debt Management, the designee from the State Treasurer's office.

Dr. Lisi reminded the Board members to complete and submit their responses on the self-evaluation survey and forward it to Attorney Ann Zucker, as the results of the survey will be presented at the June Board meeting.

## **MINUTES**

Dr. Lisi requested a motion to approve the minutes of the April 18, 2018 meeting of the Board of Directors. Dr. Lisi moved for approval of the minutes, which was seconded by Mr. Angelini.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

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<sup>1</sup> Ms. Gittens participated in the meeting via conference telephone that permitted all parties to hear each other.

<sup>2</sup> Ms. Hall participated in the meeting via conference telephone that permitted all parties to hear each other.

<sup>3</sup> Mr. Marrion participated in the meeting via conference telephone that permitted all parties to hear each other.

**AYES**

Michael Angelini  
John Biancamano  
Robert Dakers  
Elizabeth Hammer  
Barbara Lindsay  
Dr. Peter Lisi

**NAYS**

None

**ABSTENTIONS**

Dr. Estela Lopez<sup>4</sup>  
Christopher Martin<sup>5</sup>  
Barbara Rubin<sup>6</sup>

**CURRENT AND PENDING BOND ISSUES**

**Financing Forecast and Summary of Financings**

Mr. Jandreau reported that the Yale University Issue, Series 2018A, will be presented for approval. The University plans to refund their Series 2010 A-1 Bonds.

On the summary of financing report, the Authority closed two issues on May 1, 2018: University of New Haven Issue, Series K-1 and Series K-2 for approximately \$97 million.

**Interest Rate Update**

Ms. Peoples reported on recent market activity, money market rates, economic indices and yield curve trends.

**Market Rate Update**

Mr. Jandreau provided an update on recent health and education issues brought to market.

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<sup>4</sup> Dr. Lopez abstained from voting as she did not attend the April Board meeting.  
<sup>5</sup> Mr. Martin abstained from voting as he did not attend the April Board meeting.  
<sup>6</sup> Ms. Rubin abstained from voting as she did not attend the April Board meeting.

## **EXECUTIVE DIRECTOR'S REPORT**

### **Client Updates**

Mr. Morris provided the following client updates:

- Ms. Weldon and Mr. Morris met with representatives from the Long Wharf Theater in New Haven. They are in the very early planning stage of deciding whether to either renovate their current location or relocate the facility to another location.
- The Authority met with the University of Saint Joseph's Board of Directors to explain the Authority's financing process. The University will be making a decision in June as to whether to finance their proposed projects or to fund the projects with a capital campaign.
- Yale New Haven Health is seeking to refund Lawrence + Memorial's outstanding debt for approximately \$90 million, which will include refunding two issues with taxable debt and leaving one bond issue in place and exchanging the Obligated Group from Lawrence + Memorial with Yale New Haven Health.
- Trinity College is looking to possibly replace their Letter of Credit bank from J P Morgan to Wells Fargo. They are currently examining the costs of replacing the LOC bank before moving forward.
- Masonicare sold its Newtown facility and will be paying off their Series G debt which is expected to close by the end of this month and the bonds are expected to be paid off by July 2, 2018.
- CHEFA is working with the Office of Early Childhood for obtaining modifications to enrollment at two of the Authority's child care facilities.

- Mr. Morris provided an update on the Southfield Children's Center, which was discussed at last month's Board meeting.

### **Other Updates**

Ms. Weldon reported on the following topics:

- Last week, Mr. Morris and Ms. Weldon attended the NAHEFFA Conference held in Boston, Massachusetts. They learned that another national issuer has become active and will take residence in the State of New Hampshire, giving them an East Coast presence. There was much discussion about this development at the conference. Some authorities have passed legislation in their states to indicate that no issuer can issue in the state without the approval of the statewide authority, if one exists. CHEFA will be looking at legislation to determine if there is something the Authority could propose for the next session. Ms. Weldon added that the Authority will also propose legislation on expanding its authority on cross-border financing. Mr. Biancamano suggested staff evaluate what the Authority offers for services versus what the national issuer offers. A discussion ensued.
- Ms. Weldon also participated in a panel discussion with the Rhode Island Authority and MassDevelopment. In Rhode Island, they issue bonds for public schools, Grades K through 12, and MassDevelopment has a revolving loan fund. They are also active in New Markets Tax Credits.

**AMENDMENT TO CHEFA PROCEDURES**

Ms. Weldon presented the proposed amendments to CHEFA's Procedures that would update the required non-discrimination language. The amendments to the procedures will not become effective until 30 days after a notice is published in the CT Law Journal, unless comments are submitted that would warrant the Executive Director to come back to the Board to reconsider or further revise the procedures.

Mr. Biancamano suggested the Authority seek input from the State Auditor to assess whether she has any concerns concerning procedures. Ms. Weldon concurred.

Dr. Lisi requested a motion to approve the amendment to the CHEFA Procedures, Resolution #2018-04. Dr. Lopez moved to approve the amended procedures, Resolution #2018-04 and Mr. Martin seconded the motion.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

**AYES**

Michael Angelini  
John Biancamano  
Robert Dakers  
Elizabeth Hammer  
Barbara Lindsay  
Dr. Peter Lisi  
Dr. Estela Lopez  
Christopher Martin  
Barbara Rubin

**NAYS**

None

**ABSTENTIONS**

None

## **COMMITTEE REPORTS**

### **Audit-Finance Committee**

Dr. Lisi was elected to Chair the Audit-Finance Committee meeting, in the absence of Mr. Varholak. Dr. Lisi reported that the Committee elected Mr. Varholak to Chair the Audit-Finance Committee meetings. During the meeting, BerryDunn presented a risk assessment of CHEFA and its component units (CHESLA and CSLF) which was followed by an evaluation and recommendation of internal audit projects based on risk factors. Revisions were approved to the Committee Charter and there was a review of operating reserves. There was a proposal to increase the legal reserves. The Committee decided to add additional funds into the operating reserve, so that it will reflect an average of annual operating expenses for the current fiscal year and the proposed budget. There was also a discussion on the FY 2019 Operating and Capital budgets in which the Committee voted to increase the amount designated for the grant program related funds for FY 2019 by an additional \$500,000. In addition, the Committee asked Ms. Peoples for updates on capital budget items that are going to be issued through requests for proposals.

Dr. Lisi requested a motion on the proposed change to increase the Operating Reserve. Mr. Biancamano moved to approve the proposed changes to increase the Operating Reserve. Ms. Rubin seconded the motion.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

**AYES**

**NAYS**

**ABSTENTIONS**

Michael Angelini  
John Biancamano  
Robert Dakers  
Elizabeth Hammer  
Barbara Lindsay  
Dr. Peter Lisi  
Dr. Estela Lopez  
Christopher Martin  
Barbara Rubin

None

None

Dr. Lisi requested a motion to approve the FY 2019 Operating Budget with an increase for Program Related Expenses for FY 2019 by an additional \$500,000. Ms. Rubin moved to approve the FY 2019 Operating Budget with an increase for Program Related Expenses for FY 2019 by an additional \$500,000. Mr. Biancamano seconded the motion.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

**AYES**

**NAYS**

**ABSTENTIONS**

Michael Angelini  
John Biancamano  
Robert Dakers  
Elizabeth Hammer  
Barbara Lindsay  
Dr. Peter Lisi  
Dr. Estela Lopez  
Christopher Martin  
Barbara Rubin

None

None

A discussion ensued on consultant fees. Mr. Biancamano stated that Ms. Peoples will be presenting, at a later date, the proposed scope of services for certain consultant services.



Dr. Lisi requested a motion to accept staff's recommendation for the capital budget, with the request that staff come back to the Board with updates on the co-location and accounting software projects.

Mr. Biancamano moved to approve staff's recommendations for the capital budget as described.

Ms. Rubin seconded the motion.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTENTIONS</u></b>
Michael Angelini John Biancamano Robert Dakers Elizabeth Hammer Barbara Lindsay Dr. Peter Lisi Dr. Estela Lopez Christopher Martin Barbara Rubin	None	None

**Grant Committee Report**

Dr. Lopez reported that the Committee voted to fund 19 awards for the FY 2018 Nonprofit Grant Program. Eighteen awards were for full requests and one award was for partial funding. The Internal Review Committee reviewed and scored the 40 applications received.

A discussion ensued on one application that was submitted for review. Ms. Weintraub explained that all of the grant applications go through a rigorous review process and some cases are more compelling as far as the impact and need of the project or program. Further discussion ensued.

Mr. Biancamano inquired as to why Hartford Healthcare at Home is not part of the Authority's client group. Mr. Morris stated that internal policy indicates that if the entity is not part of the Obligated Group, it would be considered a non-client entity. Further discussion ensued. Ms. Rubin requested that the Board review this policy. Ms. Weldon concurred.

Dr. Lisi requested a motion to approve the 19 awards for the FY 2018 Nonprofit Grant Program. Mr. Biancamano moved to approve the FY 2018 Nonprofit Grant awards and Mr. Angelini seconded the motion.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

**AYES**

Michael Angelini  
John Biancamano  
Robert Dakers  
Elizabeth Hammer  
Barbara Lindsay  
Dr. Peter Lisi  
Dr. Estela Lopez  
Christopher Martin  
Barbara Rubin

**NAYS**

None

**ABSTENTIONS**

None

## **CHEFA FINANCIAL OPERATIONS**

### **March 2018 Financial Statements**

Ms. Mackewicz reported on the financial statements for the nine months ending March 31, 2018. Excess revenues over expenses before program related expenses were approximately \$3.5 million and approximately \$1.7 million after program related expenses. One new money bond issue closed during the month of March for approximately \$7.5 million. Total revenues were approximately \$203,000 over budget and expenses were approximately \$234,000 under budget.

## **AUTHORIZING BOND RESOLUTION**

### **Yale University Issue, Series 2018A**

Mr. Morris presented the Yale University Issue, Series 2018A, for approval of up to \$90 million. Proceeds will be used to current refund the University's 2010 A-1 bond issue which is callable July 1, 2018. Mr. Morris provided a brief overview of the financing structure and University's financial and market demand profile.

Dr. Lisi requested a motion to approve the Yale University Issue, Series 2018A, Resolution #2018-05. Ms. Rubin moved to approve the Yale University Issue, Series 2018A, Resolution #2018-05 and Dr. Lopez seconded the motion.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

**AYES**

Michael Angelini  
John Biancamano  
Robert Dakers  
Elizabeth Hammer  
Barbara Lindsay  
Dr. Peter Lisi  
Dr. Estela Lopez  
Christopher Martin  
Barbara Rubin

**NAYS**

None

**ABSTENTIONS**

None

**ADJOURNMENT**

There being no further business, at 2:45 p.m., Dr. Lisi moved to adjourn the meeting and Ms. Rubin seconded the motion.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

**AYES**

Michael Angelini  
John Biancamano  
Robert Dakers  
Elizabeth Hammer  
Barbara Lindsay  
Dr. Peter Lisi  
Dr. Estela Lopez  
Christopher Martin  
Barbara Rubin

**NAYS**

None

**ABSTENTIONS**

None

Respectfully submitted,

Jeanette W. Weldon  
Executive Director