

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Minutes of Authority Board Meeting

November 14, 2018

The State of Connecticut Health and Educational Facilities Authority met at 1:30 p.m. on Wednesday, November 14, 2018.

The meeting was called to order at 1:33 p.m. by Mr. Peter Lisi, Chairman of the Board of Directors of the Authority. Those present and absent were as follows:

PRESENT: Peter W. Lisi, Chairman
Michael Angelini¹
John M. Biancamano, Vice Chair²
Anne Foley (Designee for Benjamin B. Barnes, OPM Secretary)
Elizabeth C. Hammer
Barbara B. Lindsay, Esq.³
Dr. Estela Lopez⁴
Barbara Rubin
Mark Varholak⁵

ABSENT: Christopher P. Martin (Designee for Denise Nappier, Treasurer)

ALSO PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Robert Jandreau, Sr. Finance Associate
Krista Johnson, Compliance Specialist
Daniel Kurowski, Financial Analyst
Andrew Kwashnak, Systems and Data Analyst
Eileen MacDonald, Sr. Transaction Specialist
JoAnne N. Mackewicz, Controller

¹ Mr. Angelini participated in the meeting via conference telephone that permitted all parties to hear each other.

² Mr. Biancamano participated in the meeting via conference telephone that permitted all parties to hear each other.

³ Ms. Lindsay participated in the meeting via conference telephone that permitted all parties to hear each other.

⁴ Dr. Lopez joined the meeting at 1:52 p.m. and participated in the meeting via conference telephone that permitted all parties to hear each other.

⁵ Mr. Varholak participated in the meeting via conference telephone that permitted all parties to hear each other.

Michael F. Morris, Managing Director
Cynthia Peoples, Managing Director
Debra M. Pinney, Manager, Administrative Services
Jennifer Smyth, Legal Services Specialist
David Wasch, Government Programs Specialist/Legislative Liaison
of the Connecticut Health and Educational Facilities Authority

GUESTS: Bruce Chudwick, Esq., Shipman & Goodwin LLP
Stella Gittens, Director, PFM Financial Advisors
Laurie Hall, Esq., Hawkins, Delafield & Wood LLP
Joshua Hurlock, Assistant Director, CHESLA
Christie D. Jean, Esq., Robinson + Cole LLP
Jessica Kennedy, Esq., Pullman & Comley LLC
Thomas Marrion, Partner, Hinckley Allen
Nancy S. Nicolescu, Director of Education & Communications,
Office of State Ethics)
Shelby Lobitz, Analyst, Acacia Financial Group, Inc.⁶
Marie Phelan, Esq., Pullman & Comley LLC
Elizabeth Schramek, Director, Oppenheimer & Co., Inc.
Namita Shah, Esq., Day Pitney LLP
Tiffany Stevens, Esq., McCarter & English LLP
Eric Taylor, Esq., Harris Beach PLLC
Ann Zucker, Esq., Carmody Torrance Sandak & Hennessey LLP⁷

MINUTES

Mr. Lisi requested a motion to approve the minutes of the October 17, 2018 meeting of the Board of Directors. Ms. Hammer moved for approval of the minutes, which was seconded by Ms. Foley).

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

⁶ Ms. Lobitz participated in the meeting via conference telephone that permitted all parties to hear each other.
⁷ Ms. Zucker participated in the meeting via conference telephone that permitted all parties to hear each other.

AYES

Michael Angelini
John Biancamano
Anne Foley
Elizabeth Hammer
Peter Lisi
Barbara Rubin
Mark Varholak

NAYS

None

ABSTENTIONS

Barbara Lindsay⁸

ETHICS TRAINING

Ms. Nicolescu provided ethics training, in accordance with the requirements of the Authority's Ethics Statement and Policies.

Ms. Nicolescu encouraged the Board members to contact her if they had any questions.

NEW MARKETS TAX CREDIT PROGRAM (NMTC)

Recommendations to Continue With Formation of Program and Budget Modification Approval

Mr. Morris stated that as a follow up to the Special Board Meeting held on November 9, 2018, handouts were provided at today's meeting on the New Markets Tax Credit Program. One of the handouts is a memo which provides an overview of the NMTC Program and outlines activities for Phases I through III. The other handout provides a graphic of a sample NMTC transaction.

⁸ Ms. Lindsay abstained from voting as she did not attend the October Board Meeting.

Staff is seeking approval to continue with the formation of the program to form a Community Development Entity (CDE). The tasks include, but are not limited to, the following:

- Engage Special Counsel to review CHEFA's enabling act and statutory authority to form multiple subsidiaries and identify the appropriate legal structure;
- Begin search for Advisory Board members;
- Begin developing a project pipeline;
- Collect data on community impact for recently closed CHEFA bond issues; and
- Post Request for Proposal for CDE Counsel.

Mr. Morris stated that staff is seeking a budget modification to pay costs associated with continuing the formation of the Program. The cost of \$42,000 is for Special Counsel services, general and administrative costs and contingency. Staff is also recommending that these costs and other development costs eventually be reimbursed to CHEFA from the CDE.

Mr. Kurowski outlined the three phases of activities associated with the formation of the Program through submission of the NMTC Allocation Application. A future budget modification request of approximately \$100,000 will be made at the January 2019 Board Meeting, which includes costs associated with the CDE certification and filing the NMTC Allocation Application.

A discussion ensued.

Ms. Rubin moved to approve continuing with the formation of a Community Development Entity as outlined by staff and moved to approve the budget modification request totaling \$42,000.

Ms. Foley seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini John Biancamano Anne Foley Elizabeth Hammer Barbara Lindsay Peter Lisi Dr. Estela Lopez Barbara Rubin Mark Varholak	None	None

EXECUTIVE DIRECTOR’S REPORT

Authority Updates

Ms. Weldon provided the following updates:

- The Communications Consultant has begun working on the client survey and it should go out the week of December 3, 2018. The findings will be presented at the January Board of Directors meeting.
- On October 24, 2018, Mr. Morris, Mr. Wasch, Ms. Weintraub and Ms. Weldon gave a presentation at the Connecticut Community Nonprofit Alliance for approximately 20 nonprofit organizations throughout the State. An overview of CHEFA services and project management was provided. The presentation was well received.
- On October 30, 2018, CHEFA staff volunteered at the Burns Latino Academy through a program sponsored by the Capital City Education Alliance. The program focuses youth in greater Hartford and sponsors projects which foster

leadership skills and responsibility. A hallway in the school was painted by the CHEFA staff and student volunteers. Ms. Weldon stated that in today's handouts some pictures of CHEFA staff with the students were included.

- On November 8, 2018, the CHEFA Client Conference was held in the Hartford Foundation for Public Giving's conference room. The event was very successful.

Client Updates

Mr. Morris stated that CHEFA's client conference had 31 clients in attendance, representing 23 client entities and two potential clients. Ms. Weldon added that CHEFA had some excellent speakers from Moody's Investors Service, UBS, and Hinckley Allen.

CHESLA Updates

Mr. Hurlock, Assistant Director of CHESLA, provided the following updates:

- At CHESLA's last Board of Directors meeting on November 6th, the Board approved the re-appointment of Hilltop Securities as CHESLA's financial advisor; Ballard Spahr LLC as the Student Loan Consumer Finance Attorney and BofA Merrill Lynch and RBC Capital Markets as Underwriters.
- The originator/servicer, Firstmark Services, also attended the Board meeting on November 6th to discuss customer service. Moving forward, Firstmark will supply CHESLA specific performance data.
- A new electronic application platform was released on November 1st, which includes eSignature. The transition to the new platform has gone smoothly with little borrower disruption.
- The In-School Loan Program saw a tremendous first quarter for originations, which was the highest first quarter in the last five years. This represented an increase over \$1 million from the first quarter of FY 2018.

- The refinance loan program, RefiCT, saw a first quarter decrease from prior years, which is largely a function of marketing efforts as CHESLA is focused on the In-School Program in summer months. The RefiCT program will ramp up in November and an increase in originations will follow suit as a result.
- Since inception, the need-based Scholarship Program has disbursed approximately \$6.2 million impacting over 3,500 students. In the first quarter of fiscal 2019, the program disbursed \$265,000 impacting 177 students. There are additional scholarships pending which total approximately \$100,000 and over \$400,000 has been disbursed in quarter two.
- Mr. Hurlock provided a brief overview of recent marketing outreach.
- CHESLA hired Ms. Shannon Reynolds, as a Portfolio Assistant on October 1, 2018 and she is spearheading increasing social media usage across Facebook, LinkedIn and Instagram.
- Mr. Hurlock stated that a RefiCT testimonial was produced airing on television on Fox and Ms. Krista Johnson provided the testimonial.

Interest Rate Update

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

Market Update

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

Financial Report – September 2018

Ms. Mackewicz reported that there were no notable items in the financial statements for the period ending September 30, 2018.

AUTHORIZING BOND RESOLUTIONS

Greenwich Country Day School Issue, Series A & B

Mr. Jandreau presented the Greenwich Country Day School Issue, Series A & B, for up to \$85 million. Bond proceeds will be used to refinance outstanding debt and to finance the construction of the new High School Campus Project. The Series A & B Bonds will be sold as a direct purchase to Israel Discount Bank of New York.

Mr. Jandreau provided some background information on the School and explained the two phases of the construction project. The balance of the project costs of approximately \$20.1 million will be funded by capital campaign proceeds. They have raised \$53.1 of its \$100 million goal. Mr. Jandreau explained the financing structure and security for each series.

Mr. Jandreau reported that the Bank has proposed the following financial covenants: Minimum Debt Service Coverage Ratio of 1.0 times to be tested annually and minimum Unrestricted Cash and Investments that can be liquidated within 90 days to be not less than \$20 million tested annually commencing fiscal year 2019.

Mr. Lisi requested a motion to approve Resolution 2018-11, Greenwich Country Day School Issue, Series A and B. Ms. Hammer moved for approval of Resolution 2018-11, which was seconded by Ms. Rubin.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini John Biancamano Anne Foley Elizabeth Hammer Barbara Lindsay Peter Lisi Dr. Estela Lopez Barbara Rubin Mark Varholak	None	None

University of Saint Joseph Issue, Series E

Mr. Jandreau presented the University of Saint Joseph Issue, Series E, for up to approximately \$30 million. The proceeds will be used to refinance an outstanding Berkshire Bank Bridge Loan, finance the construction of a new addition to the Athletic Center and finance renovations to the Student Center. The Bonds will be sold to Berkshire Bank as a direct purchase. The University has two outstanding bonds totaling \$19 million and it does not maintain a credit rating from one of the major rating agencies.

Mr. Jandreau explained the use of proceeds and cost of each construction project. He also reported on the financing structure and security of the transaction. Financial covenants to be tested annually are minimum Debt Service Coverage Ratio of 1.25 times and minimum cash/debt ratio of .20 times.

Mr. Lisi requested a motion to approve Resolution 2018-12, University of Saint Joseph Issue, Series E. Ms. Hammer moved for approval of Resolution 2018-12, which was seconded by Ms. Rubin.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini John Biancamano Anne Foley Elizabeth Hammer Barbara Lindsay Peter Lisi Dr. Estela Lopez Barbara Rubin Mark Varholak	None	None

PROPOSED 2019 BOARD AND COMMITTEE SCHEDULE

After a brief discussion on the handout of the proposed 2019 CHEFA Board and Committee meeting schedule, the Board of Directors approved the meeting schedule for 2019 with the following amendments:

- o Change the March 20 Board meeting date to *March 27, 2019*; and
- o Change the April 17 Audit-Finance/Human Resources Committee Meeting and Board meeting date to *April 24, 2019*.

Mr. Foley moved to approve the amended Board and Committee meeting schedule for 2019 and Ms. Hammer seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini John Biancamano Anne Foley Elizabeth Hammer Barbara Lindsay Peter Lisi Dr. Estela Lopez Barbara Rubin Mark Varholak	None	None

ADJOURNMENT

There being no further business, at 2:26 p.m., Ms. Rubin moved to adjourn the meeting and Ms. Foley seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini John Biancamano Anne Foley Elizabeth Hammer Barbara Lindsay Peter Lisi Dr. Estela Lopez Barbara Rubin Mark Varholak	None	None

Respectfully submitted,

Jeanette W. Weldon
Executive Director