

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Minutes of Authority Special Board Meeting

December 5, 2017

The State of Connecticut Health and Educational Facilities Authority met telephonically at 10:00 a.m. on Tuesday, December 5, 2017.

The special meeting was called to order at 10:00 a.m. by Dr. Peter Lisi, Chair of the Board of Directors of the Authority. Those present and absent were as follows:

PRESENT: Dr. Peter W. Lisi, Chairman
John M. Biancamano, Vice Chair
Elizabeth C. Hammer
Barbara B. Lindsay, Esq. ¹
Sheree J. Mailhot, (Rep. Honorable Denise L. Nappier, State Treasurer)
Dr. Estela Lopez
Barbara Rubin
Mark Varholak

ABSENT: Robert S. Dakers (Rep. Honorable Benjamin B. Barnes, OPM Secretary)

ALSO PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Robert Jandreau, Sr. Finance Associate
Eileen MacDonald, Sr. Transaction Specialist
Michael F. Morris, Managing Director
Kathleen Owens, Administrative Assistant
Cynthia D. Peoples, Managing Director
Jennifer Smyth, Legal Services Specialist
of the Connecticut Health and Educational Facilities Authority

¹ Ms. Lindsay joined the meeting at 10:03 a.m.

GUESTS: Bruce Chudwick, Esq., Shipman & Goodwin LLP
C. Steven Donovan, Esq., Hawkins, Delafield & Wood LLP
Thomas S. Marrion, Esq., Partner, Hinckley, Allen & Snyder LLP
Marie Phelan, Esq., Pullman & Comley, LLC
Tiffany Stevens, Esq., McCarter & English, LLP
Eric Taylor, Esq., Harris Beach PLLC

MINUTES

Dr. Lisi requested a motion to approve the minutes of the November 15, 2017 meeting of the Board of Directors, which was included in the meeting materials. Ms. Rubin moved for approval of the minutes, which was seconded by Dr. Lopez.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
John Biancamano Elizabeth Hammer Dr. Peter Lisi Dr. Estela Lopez Sheree Mailhot Barbara Rubin	None	Mark Varholak ²

AUTHORIZING BOND RESOLUTIONS

Cornell Scott-Hill Health Corporation Issue, Series A

Mr. Jandreau presented the Cornell Scott-Hill Health Corporation Issue, Series A, for approval of up to \$8.0 million, subject to final approval by the direct placement bank. Capital One Municipal Funding, Inc., a subsidiary of Capital One, N.A.

² Mr. Varholak abstained from voting as he did not attend the November 15, 2017 Board meeting.

Mr. Jandreau provided background information on the borrower which has 19 locations which serves approximately 35,000 patients annually. The Cornell Scott-Hill Health Center (“Hill”) is a federally qualified community health center established in 1968 with a collaboration between the community and Yale School of Medicine. Its service area includes New Haven county and towns in the Lower Naugatuck Valley.

The Series A proceeds will be used to refinance \$6.0 million of existing debt issued through the City of New Haven and to finance renovations and improvements to properties owned or leased by Hill. The \$2.0 million in new money proceeds will finance construction and renovation projects at four of Hill’s locations, including the following.

The Series A bond issue will be structured as a fixed rate issue with a 10-year term, with an indicative rate of 3.90% and a 20-year amortization. The bank will hold a first priority mortgage on all owned real estate property, subject to a maximum loan-to-value of 75%.

The purchaser has proposed the following financial covenants: minimum Debt Service Coverage Ratio of 1.25 to 1.00 times; and Minimum Days Cash on Hand equal to 35 days, to be tested semi-annually.

Dr. Lisi requested a motion to approve Resolution #2017-26, Cornell Scott-Hill Health Corporation Issue, Series A, which was included in the board meeting materials. Mr. Biancamano moved for approval, which was seconded by Ms. Rubin.

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

AYES

John Biancamano
 Elizabeth Hammer
 Barbara Lindsay
 Dr. Peter Lisi
 Dr. Estela Lopez
 Sheree Mailhot
 Barbara Rubin
 Mark Varholak

NAYS

None

ABSTENTIONS

None

Fairfield University Issue, Series R

Mr. Morris presented the Fairfield University (“Fairfield’ or the “University”) Issue, Series R for approval for up to \$210.0 million which will be an unenhanced public offering. There will be two tranches issued, with approximately \$106.3 to be issued by December 31, 2017. The first tranche will advance refund the University’s 2010 Series O bonds \$71.0 million, and provide \$35.3 million to fund renovation and construction projects, including renovations to residence halls, a new 125-bed residence hall for upper classman, and the reconfiguration of the library.

The second tranche is expected to be issued in the first quarter of 2018, consisting of approximately \$66 million which will provide for the current refunding of the University’s 2008 Series M and Series N bonds. Staff is seeking approval for both tranches at this time.

The University’s current underlying ratings have been affirmed by Moody’s and Standard & Poor’s are “A3” and “A-”, respectively, both of which have a Stable Outlook.

Mr. Morris provided updated information from what was presented at the November meeting, including the status of the University’s comprehensive fundraising campaign.

Mr. Morris reiterated the University’s credit strengths consisting of demand and enrollment trends, liquidity position, and financial performance. Mr. Morris noted that despite the increase in the amount of debt, Fairfield’s strong operating cash flow margins debt service coverage should be adequate.

A brief discussion ensued.

Dr. Lisi requested a motion to approve Resolution #2017-23, Fairfield University Issue, Series R, which was included in the board meeting materials. Dr. Lopez moved for approval, which was seconded by Ms. Hammer.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
John Biancamano Elizabeth Hammer Barbara Lindsay Dr. Peter Lisi Dr. Estela Lopez Sheree Mailhot Barbara Rubin Mark Varholak	None	None

Marvelwood School Issue, Series B

Mr. Jandreau presented the Marvelwood School Issue, Series B for approval of up to \$15.3 million, which will be a private placement with Salisbury Bank and Trust Company.

Marvelwood School (“Marvelwood” or the “School”) founded in 1956, is a day and boarding school located in Kent, CT. For academic year 2017-18, 130 students were enrolled in grades nine through twelve and post graduate.

Bond proceeds will be used to refinance the School’s outstanding \$4.2 million commercial bank loan, which had previously refinanced a variable rate 2000 CHEFA Series A bond financing. Marvelwood will also finance the construction of an approximately 39,600 square-foot, one-story arts center and miscellaneous capital improvements to dormitories.

The term for the variable rate financing will be twenty-five years. The initial interest rate will be based on the Federal Home Loan Bank of Boston’s 10 Year/20 Year Regular Amortizing Advance Rate and the rate will be adjusted in year 11. Prepayment provisions include a fee if Marvelwood elects to refinance the Series B transaction with another banking institution.

Security for the Series B will include a first position lien on gross receipts, a mortgage on the School's main campus, and a first position lien on the School's Business Assets.

The purchaser has proposed a debt service coverage ratio of 1.10 times.

Dr. Lisi requested a motion to approve Resolution #2017-24, Marvelwood School Issue, Series B, which was included in the board meeting materials. Ms. Lindsay moved for approval, 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>
John Biancamano Elizabeth Hammer Barbara Lindsay Dr. Peter Lisi Dr. Estela Lopez Sheree Mailhot Barbara Rubin Mark Varholak	None	None

Yale University Issue, Series 2017C

Mr. Morris presented Yale University ("Yale" or the "University") Issue, Series 2016C for approval up to \$60.0 million which will be an unenhanced public offering, issued most likely with a number of subseries. Proceeds will be used to advance refund the University's 2010 A-2 issue and to fund approximately \$300 million of new money for various capital projects, including the construction of the two new residential colleges and construction of new Science Building.

The structure of the financing has not been finalized, but will be a multi-modal issue. Yale has been issuing short-term put bonds recently, but the Series 2017C transaction may be structured with longer and staggered maturities.

Mr. Morris reviewed the University's market profile noting the exceptional demand trends demonstrated by applications received, acceptance rate and yield.

With the completion of the two new residential colleges, Yale expects to continue to increase enrollment by approximately 200 students each year through 2021, for a total enrollment increase of approximately 800 students.

Mr. Morris noted that the University's operating performance continues to improve and it has superior liquidity to cover debt service and operations. As of June 30, 2017, the market value of Yale's endowment stood at \$27.2 billion.

Dr. Lisi requested a motion to approve Resolution #2017-25, Yale University Issue, Series 2017C, which was included in the board meeting materials. Ms. Hammer moved for approval, which was seconded by Mr. Biancamano.

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

AYES

John Biancamano
 Elizabeth Hammer
 Barbara Lindsay
 Dr. Peter Lisi
 Dr. Estela Lopez
 Sheree Mailhot
 Barbara Rubin
 Mark Varholak

NAYS

None

ABSTENTIONS

None

Approval of FY 2018 Grant Program Budget

Ms. Weldon presented a revised version of the proposed FY 2018 Operating Budget, reflecting changes to the Grant Program budget. The operating budget was also updated to reflect the \$900,000 payment to the State, as required by the State's FY 2018 budget. The \$787,835 for the FY 2017 Non-Client grant program was approved at the November 15 Board meeting. The budget for the FY 2018 Non-Client Grant program is \$1.0 million, revised from \$1.125 million. The FY 2018 Client Grant program is also budgeted at \$1.0 million, revised from \$1.25 million. The \$250,000 budget item for the Targeted Investment Grant program has been removed from the FY 2018 budget. These changes to the grants programs budgets were made to accommodate the payment to the State.

Ms. Weldon reported that the change in net position for CHEFA's FY 2018 budget after the transfer to the State is approximately \$335,000.

Mr. Biancamano moved that the Board approve the FY 2018 budget as presented. Dr. Lopez seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
John Biancamano Elizabeth Hammer Barbara Lindsay Dr. Peter Lisi Dr. Estela Lopez Sheree Mailhot Barbara Rubin Mark Varholak	None	None

Future Meeting Dates

Ms. Weldon reminded Members that the next regularly scheduled Board meeting is January 17. Dr. Lisi and Staff are proposing a half-day Board retreat for Strategic Planning for Friday, January 26, beginning at 8:30 a.m. This special meeting will be for discussion of new ideas for development of the next strategic plan. A final draft of the plan is expected to be presented for approval at the March Board meeting.

Ms. Weldon requested that Members confirm their availability for the January 26 strategic planning retreat with Kathy Owens.

ADJOURNMENT

There being no further business, at 10:25 a.m., Dr. Lopez moved to adjourn the meeting and Ms. Hammer seconded the motion.

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

AYES

John Biancamano
Elizabeth Hammer
Barbara Lindsay
Dr. Peter Lisi
Dr. Estela Lopez
Sheree Mailhot
Barbara Rubin
Mark Varholak

NAYS

None

ABSTENTIONS

None

Respectfully submitted,

Jeanette W. Weldon
Executive Director