

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Minutes of Authority Board Meeting

January 16, 2019

The State of Connecticut Health and Educational Facilities Authority met at 1:30 p.m. on Wednesday, January 16, 2019.

The meeting was called to order at 1:31 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 Angelini
Anne Foley (Designee for Melissa McCaw, OPM Secretary)
Elizabeth C. Hammer
Barbara B. Lindsay, Esq.
Dr. Estela Lopez
Barbara Rubin¹

ABSENT: Christopher P. Martin (Designee for Shawn T. Wooden, State Treasurer)
Mark Varholak

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

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

GUESTS: Scott Beall, Assistant Vice President, Acacia Financial Group, Inc.²
Bruce Chudwick, Esq., Shipman & Goodwin LLP
Steve Donovan, Esq., Hawkins, Delafield & Wood, LLP³
Stella Gittens, Director, PFM Financial Advisors⁴
Rayanne Hawkins, Urban Institute
Noemi Kearns, Principal and Creative Director, Ink & Pixel
Thomas Marrion, Partner, Hinckley Allen⁵
Shelby Lobitz, Analyst, Acacia Financial Group, Inc.⁶
Kriti Ramakrishnan, Urban Institute⁷
Lisa Ste. Marie, Creative Consultant, Ink & Pixel
Edward Samorajczyk, Jr., Esq., Robinson + Cole LLP
Tiffany Stevens, Esq., McCarter & English LLP
Eric Taylor, Esq., Harris Beach PLLC
Danial Teles, Urban Institute⁸
Kelly Walsh, Urban Institute⁹
Ann Zucker, Esq., Carmody Torrance Sandak & Hennessey LLP¹⁰

INTRODUCTORY COMMENTS FROM BOARD CHAIR

Mr. Lisi stated that he wanted to take a few moments to recognize a former colleague, John M. Biancamano, for his service to CHEFA's Board of Directors. John was a long-term Board member, since year 2000, who was appointed by Governor Rowland. John served as Chair of the Audit-Finance Committee and Chair of the Human Resource Committee and for the past three to four years, has served as Vice Chair of the Board of Directors. John was an incredible resource to Mr. Lisi, was a wealth of information. He had an historical perspective and had an institutional memory that was incredibly invaluable to the full Board. The news of John's passing was a shock to many. John was a pillar to the Wethersfield community and he was an incredibly accomplished and a dedicated professional in the roles he played at Hartford Hospital and the University of Connecticut. Mr. Lisi stated that he will miss him personally and professionally, as will many others.

RESOLUTION TO RENAME THE CHEFA CLIENT GRANT PROGRAM

Mr. Lisi stated that in addition to John's support to the Audit-Finance and Human Resources Committee, John was an advocate for the CHEFA Client Grant and Nonprofit Grant Programs and was an advocate for helping those in need. Mr. Lisi stated that in memory of John, a resolution has been drafted to rename the Client Grant Program the "CHEFA – John M. Biancamano Client Grant Program".

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

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

⁴ Ms. Gittens participated in the meeting via conference telephone that permitted all parties to hear each other.

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

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

⁷ Mr. Ramakrishnan participated in the meeting via conference telephone that permitted all parties to hear each other.

⁸ Mr. Teles participated in the meeting via conference telephone that permitted all parties to hear each other.

⁹ Ms. Walsh participated in the meeting via conference telephone that permitted all parties to hear each other.

¹⁰ Ms. Zucker participated in the meeting via conference telephone that permitted all parties to hear each other.

Mr. Lisi read the following resolution and stated that the resolution will be signed, framed and sent to John's family.

“WHEREAS the Board of Directors (the “Board”) of the Connecticut Health and Educational Facilities Authority (the “Authority” or “CHEFA”) expresses its sorrow regarding the death of John M. Biancamano, Vice Chair of the CHEFA Board;

WHEREAS John M. Biancamano was appointed as a member of the Board on August 29, 2000 and served with the highest distinction for over eighteen years;

WHEREAS John M. Biancamano served as Chair of the Audit-Finance Committee and Chair of the Human Resources Committee;

WHEREAS the Authority has been fortunate to have had the dedicated service of John M. Biancamano who was committed to CHEFA's vision of enhancing the welfare and prosperity of the citizens of the State of Connecticut by being leaders in public finance;

WHEREAS John M. Biancamano was instrumental in the creation of the Authority's Client Grant Program and championed its funding and continuance to assist Authority clients in carrying out their work;

WHEREAS his intellect, humor, and wisdom have enriched those fortunate enough to know and work with him; and

WHEREAS we as members of the Board wish to extend our deepest condolences to the family, friends, and colleagues of John M. Biancamano.

NOW THEREFORE BE IT RESOLVED, that the CHEFA Board of Directors recognizes and appreciates the long standing service of John M. Biancamano as a member of the Board, and, be it further

RESOLVED that in memoriam of John M. Biancamano, the Authority's Client Grant Program be renamed the CHEFA - John M. Biancamano Client Grant Program, and, be it further

RESOLVED that this Resolution be duly recorded in the minutes of the meeting of the CHEFA Board of Directors on this 16th day of the month of January in the year 2019 and that a copy be tendered to his family as an expression of the Board's heartfelt sympathy and appreciation for John M. Biancamano's service as a member of the Board.

To this Resolution I set my hand this 16th day of January, 2019.”

Mr. Lisi requested a motion to rename the CHEFA Client Grant Program in memory of Mr. John M. Biancamano's support for the Client Grant Program to the ***“CHEFA – John M. Biancamano Client Grant Program”***. Dr. Lopez moved to rename the Client Grant Program to ***“CHEFA – John M. Biancamano Client Grant Program”***, Resolution #2019-01 and Mr. Lisi seconded the motion.

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

AYES

Michael Angelini
Anne Foley
Elizabeth Hammer
Barbara Lindsay
Peter Lisi
Dr. Estela Lopez
Barbara Rubin

NAYS

None

ABSTENTIONS

None

MINUTES

Mr. Lisi requested a motion to approve the minutes of the November 9, 2018 special 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:

AYES

Michael Angelini
Anne Foley
Elizabeth Hammer
Peter Lisi
Barbara Rubin

NAYS

None

ABSTENTIONS

Barbara Lindsay¹¹

Mr. Lisi requested a motion to approve the minutes of the November 14, 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:

AYES

Michael Angelini
Anne Foley
Elizabeth Hammer
Barbara Lindsay
Peter Lisi
Barbara Rubin

NAYS

None

ABSTENTIONS

None

¹¹ Ms. Lindsay abstained from voting as she did not attend the November 9, 2018 Special Board Meeting.

NEW MARKETS TAX CREDIT PROGRAM (NMTC)

Authorizing Resolution to Create CHEFA Subsidiary

Mr. Morris stated that staff is seeking authorization to create a CHEFA subsidiary with the expectation for that subsidiary to become a Certified Development Entity (CDE) of the New Markets Tax Credit Program. Special Counsel was engaged, after approval at the November Board meeting, to continue further development of the program, to determine the appropriate legal structure for the entity, and to review the Authority's enabling act to determine whether ownership rights can be granted to third parties in CHEFA CDE sub-entities. Special Counsel concluded that any sub-entities formed under a CHEFA subsidiary, need not be entirely owned or controlled by the CHEFA subsidiary, because the sub-entities are utilized to carry out the CHEFA's public purpose as set forth in CHEFA's enabling act.

Based on Special Counsel's recommendation, staff is seeking authorization to create a CHEFA subsidiary in the form of a 501(c)3 non-stock Connecticut corporation.

Mr. Lisi moved to approve Resolution #2019-02, authorizing the formation of a CHEFA subsidiary. Ms. Foley seconded the motion to approve Resolution #2019-02.

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

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

Authorization to Spend on Behalf of CHEFA Community Development Entity (CDE)

Mr. Morris stated that staff is also seeking authorization to spend an additional \$171,000 to the amount that was authorized at the November Board Meeting on behalf of the CHEFA CDE, which will be used for the CDE certification, the application for the 501(c)3 status, and other costs associated with the furtherance of the program. Mr. Morris explained that the Board memo breaks down the costs over the next two fiscal years. The intent is that the funds will be advanced, and they will be reimbursed to CHEFA by the CDE corporation once it is up and running and generating revenue. He noted that on the resolution, Section 8, fifth line, it should read "of the Corporation" and not "of the Authority".

Mr. Lisi asked Mr. Morris to review the costs detailed in his memo. After doing so, Mr. Lisi pointed out that Mr. Morris, Ms. Rubin, Ms. Weldon, Ms. Aguilera and Mr. Kurowski and he met prior to the meeting to discuss the details of the authorization to spend so a number of questions were answered at that time, but he encouraged anyone else who had questions to ask them at this time. A discussion ensued.

Mr. Lisi requested a motion to approve the authorization to spend \$171,000 on behalf of the CDE with the expectation to be reimbursed by the CDE. Mr. Angelini moved to approve the authorization to spend \$171,000 on behalf of the CDE with the expectation to be reimbursed by the CDE and 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>
Michael Angelini Anne Foley Elizabeth Hammer Barbara Lindsay Peter Lisi Dr. Estela Lopez Barbara Rubin	None	None

Ms. Rubin left the meeting at this time.

EXECUTIVE DIRECTOR’S REPORT

Authority Updates

Ms. Weldon provided the following updates:

- Staff met with the leadership of the legislative Higher Education and Employment Advancement Committee, which is the Authority’s committee of cognizance. There are new committee co-chairs this session. One co-chair is Will Haskell, who is a newly-elected Senator. He is a recent college graduate and is very focused on student loans. The other co-chair is Greg Haddad who has been a member in the past. The Authority provided the co-chairs with proposed legislation to allow cross-border financing and to make some technical corrections to insurance language in the CHEFA and CHESLA statutes. Ms. Weldon stated that staff will be updating the legislative committees on CHEFA/CHESLA’s workforce initiatives, like the Targeted Grant Program awards.

Client Updates

Mr. Morris reported on the following:

- The Authority had a default on the Small Direct Loan Fund Program in December for one of our childcare facilities in Milford. Approximately \$17,500 was written off. Since the inception of this program (1999), there has been a total of 11 defaults, totaling approximately \$107,000, of which 83% are childcare startups.
- Staff is working on three remarketings for Yale University totaling \$536 million, in addition to several other transactions over the next few months.

Ms. Foley inquired if the Board could get a copy of the proposed legislative proposals. Ms. Weldon agreed.

Interest Rate Update

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

Market Update

Mr. Jandreau provided some feedback on The Bond Buyer's December 2018 article that was included in the Board meeting materials on municipal issuance. The article indicated that 2018's total issuance was approximately \$338 billion on a gross basis, which was down 24% from the prior year. Estimates for 2019 are from \$340 billion to \$385 billion. The expectation is that we will see a large percentage of new money financings (approximately 80%) and refundings will be approximately 20% for 2019.

Financial Report – November 2018

Ms. Mackewicz noted that on Page 4 of the balance sheet, Board Designated Investments was moved to the Focused Investments at \$2.972 million. She added that some interest resides in that investment. Ms. Mackewicz also stated that accrued grants were created from the prior year recoveries and she re-classed the \$66,254 that was received in July.

AUTHORIZING BOND RESOLUTION

Westminster School Issue, Series K

Mr. Jandreau presented the Westminster School Issue, Series K, for up to \$11 million. Bond proceeds will be used to refinance their 2010 Series F and their 2012 Series G bonds. The primary purpose of the financing is to reduce aggregate annual debt service for the School. Secondly, the School wants to reduce their interest rate risk, as well as their renewal rate risk associated with the 2012 Series G bonds. The perceived savings for the School will be a reduced annual debt service however, the School plans to extend the maturity of some of its debt, resulting in a longer debt service period. The School will see a net present value loss of approximately \$980,000.

Mr. Jandreau stated that as of last evening, the School received a verbal rating of "A" with a Stable Outlook from Standard & Poor's (S&P). S & P also affirmed the School's ratings on their Series H Bonds with an "A" rating, along with a Stable Outlook on the School's existing debt. The rating agency cited the School's strong management practices, strong admissions, as well as fundraising, and operating performance. This coincides with what the Authority staff concluded. Mr. Jandreau reviewed some utilization metrics and added that the School has had the largest capital campaign since 2010 and they have raised \$65.3 million. The School has used \$31.5 million to enhance their facilities. Last October, the School went public with its campaign and has since raised \$14.5 million to be used for endowment, as well as their annual fund, which will provide financial assistance for their students moving forward. The School's soft target is \$75 million with this campaign, but they very well may exceed that goal. A discussion ensued.

Mr. Dan Teles joined the meeting at this time.

Mr. Lisi requested a motion to approve Resolution #2019-03, Westminster School Issue, Series K. Dr. Lopez moved for approval of Resolution #2019-03, which was seconded by Ms. Foley.

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

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

GRANT COMMITTEE REPORT

Dr. Lopez reported that the Grant Committee met to review staff recommendations for the FY 2019 Client Grant Program and the FY 2019 Targeted Grant Program. The Committee approved 18 client organizations to be funded awards from the Client Grant Program, which represents a diversity of our clients throughout the State and the majority of the requests reflect capital requests.

Mr. Lisi stated that the Committee is seeking Board acceptance of the Committee’s recommendations for the 18 awards. He added that in the spirit of full disclosure, he explained that there were two votes taken during the Grant Committee meeting. The Committee approved 17 of the 18 awards initially. Dr. Lopez recused herself from the discussion concerning funding of the Naugatuck Valley Community College award because of a relationship conflict, which was approved separately by the Committee. A discussion ensued.

Dr. Lopez requested a motion to accept the Committee’s recommendations for 18 awards to be funded for the FY 2019 Client Grant Program. Mr. Angelini moved to accept the Committee’s recommendations on the 18 awards to be funded 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 Anne Foley Elizabeth Hammer Barbara Lindsay Peter Lisi	None	Dr. Estela Lopez ¹²

¹² Dr. Lopez recused herself from voting due to her relationship conflict with Naugatuck Valley Community College.

Dr. Lopez reported that two entities were invited to apply for the FY 2019 Targeted Grant Program: CCAT (Connecticut Center for Advanced Technology), which offers STEM programming focused on advanced manufacturing careers to middle school students and the WDC (Workforce Development Council), which represents five Connecticut Workforce Development Boards, also known as Workforce Investment Boards, throughout the State.

CCAT's request was for a two-year grant for \$250,000 to expand their STEM programming model to the Bridgeport and New London corridor, to a total of 3,000 students. The WDC request was for \$500,000 for one year for the Workforce Development Council to reallocate funds to the five Workforce Development Boards throughout the State of Connecticut to provide assistance to individuals seeking employment and training in manufacturing and health care. In addition, the program provides for stipends and flex funds to remove barriers to training and employment.

Mr. Lisi requested a motion to accept the Committee's recommendations for the two awards to be funded for the FY 2019 Targeted Grant Program. Ms. Foley moved to accept the Committee's recommendations to fund the two awards to be funded from the FY 2019 Targeted Grant Program and Mr. Angelini 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 Anne Foley Elizabeth Hammer Barbara Lindsay Peter Lisi Dr. Estela Lopez	None	None

ADMENDMENTS TO RETIREMENT PLANS

Amendment and Restatement of Money Purchase Pension Plan **Amendment and Restatement of 457 (b) Plan**

Ms. Aguilera stated that the Board meeting materials contained two resolutions to amend and restate CHEFA's Money Purchase Pension Plan and 457 Deferred Compensation Plan. The amendment and restatement is necessary as the administrative service provider, The Principal, no longer provides plan and document compliance services. Pension Consultants Inc. has been contracted to provide plan document compliance services for a yearly fee of \$2,000 and The Principal's fees have been reduced by \$4,500 per year. In order for Pension Consultants to provide the compliance services, the plans need to be amended and restated utilizing standard plan documents. CHEFA's specific provisions such as the employer match for the 457 Plan and contribution for the Money Purchase Pension Plan are incorporated in the standard plan

documents in the adoption agreements. Pension Consultants has provided amended and restated plan documents and adoption agreements for the plans. There are two substantive amendments made to both plans. The first is divorce revokes a spousal beneficiary designation unless a designation is made and the second is if no beneficiary is named or surviving, death benefits are paid first to the surviving spouse, second to surviving children, third to surviving parents and then finally to the estate. The current plan provides that if no beneficiary is named, then benefits would go to the surviving spouse and then to the estate.

Ms. Aguilera stated that one other change was made to the Money Purchase Pension Plan, an installment payment option was added as a distribution option. Ms. Aguilera added that the resolutions also establish a committee for each of the plans made up of the Authority's officers to carry out the Authority's powers and duties as the Administrator of the plans.

Mr. Lisi requested a motion to approve Resolution #2019-04, the Amendment and Restatement of the Money Purchase Pension Plan. Ms. Hammer moved for approval of Resolution #2019-04, 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>
Michael Angelini Anne Foley Elizabeth Hammer Barbara Lindsay Peter Lisi Dr. Estela Lopez	None	None

Mr. Lisi requested a motion to approve Resolution #2019-05, Amendment and Restatement of the 457(b) Plan. Ms. Hammer moved for approval of Resolution #2019-05, which was seconded by Mr. Angelini.

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

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

FY 2019-2021 STRATEGIC PLAN STATUS REPORT

Ms. Weldon reviewed the key accomplishments and progress to date on the FY 2019-2021 Strategic Plan.

PAY FOR SUCCESS AND COMMUNITY CARE TEAMS RESEARCH REPORT OVERVIEW

Ms. Rayanne Hawkins provided a presentation on the Pay For Success and Community Care Teams.

Mr. Lisi thanked Ms. Hawkins for her presentation.

CLIENT SURVEY RESULTS OVERVIEW

Ms. Kearns provided a presentation on the results of the Client Survey. A copy of the slide deck will be provided to the Board of Directors.

Mr. Lisi thanked Ms. Kearns for her presentation.

ADJOURNMENT

There being no further business, at 3:25 p.m., Ms. Hammer 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 Anne Foley Elizabeth Hammer Barbara Lindsay Peter Lisi Dr. Estela Lopez	None	None

Respectfully submitted,

Jeanette W. Weldon
Executive Director