

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Minutes of Authority Board Meeting

October 17, 2018

The State of Connecticut Health and Educational Facilities Authority met at 1:30 p.m. on Wednesday, October 17, 2018.

The meeting was called to order at 1:30 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
Anne Foley (Designee for Benjamin B. Barnes, OPM Secretary)
Elizabeth C. Hammer
Dr. Estela Lopez
Christopher P. Martin (Designee for Denise Nappier, Treasurer)
Barbara Rubin
Mark Varholak

ABSENT: Barbara B. Lindsay, Esq.

ALSO PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Robert Blake, Network and Data Architect
Robert Jandreau, Sr. Finance Associate
Daniel Kurowski, Financial Analyst
JoAnne N. Mackewicz, Controller
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
Scott Gibson, Executive Director, Oppenheimer & Co., Inc.
Stella Gittens, Director, PFM Financial Advisors LC
Laurie Hall, Esq., Hawkins, Delafield & Wood LLP¹
Jessica Kennedy, Esq., Pullman & Comley LLC
Thomas Marrion, Partner, Hinckley Allen
Joshua Nyikita, Managing Director, Acacia Financial Group, Inc.²
Edward Samorajczyk, Jr., Esq., Robinson + Cole LLP
Namita Shah, Esq., Day Pitney LLP
Tiffany Stevens, Esq., McCarter & English LLP
Eric Taylor, Esq., Harris Beach PLLC
Jane Warren, Esq., McCarter & English, LLP³
Ann Zucker, Esq., Carmody Torrance Sandak & Hennessey LLP⁴

MINUTES

Dr. Lisi requested a motion to approve the minutes of the September 18, 2018 annual meeting of the Board of Directors. Ms. Rubin moved for approval of the minutes, which was seconded by Mr. Biancamano.

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

AYES

NAYS

ABSTENTIONS

Michael Angelini
John Biancamano
Elizabeth Hammer
Dr. Peter Lisi
Dr. Estela Lopez
Christopher Martin
Barbara Rubin
Mark Varholak

None

Anne Foley

EXECUTIVE DIRECTOR’S REPORT

Authority Updates

Ms. Weldon provided the following updates:

¹ Ms. Hall participated in the meeting via conference telephone that permitted all parties to hear each other.
² Mr. Nyikita participated in the meeting via conference telephone that permitted all parties to hear each other.
³ Ms. Warren joined the meeting at 1:50 p.m.
⁴ Ms. Zucker joined the meeting at 1:50 p.m.

- A CHEFA Board Orientation Session was held on October 9, 2018 and was attended by Mr. Christopher Martin, Ms. Anne Foley and Dr. Peter Lisi.
- A CHESLA Board Orientation Session will be held on November 1, 2018. Any CHEFA Board members who may be interested in attending may do so.
- A Special Board of Directors meeting will be held on November 9, 2018 from 8:30 a.m. to 12:00 p.m. on New Market Tax Credits. Attendance of all board members is encouraged as this session will lead into further discussion at the November 14th Board of Directors meeting.
- Mr. Joshua Hurlock, Assistant Director of CHESLA, will provide an update at the November Board of Directors meeting.
- The CHEFA officers will provide a status report on the Strategic Plan initiatives at the January Board of Directors meeting.

Ms. Weldon announced that October 18th is Ms. Peoples' 25th anniversary with CHEFA. Ms. Peoples began her career at CHEFA as a member of the Accounting staff in 1993; she became a Manager in the early 2000's; Assistant Director in 2009; and Managing Director in 2015. All Board and meeting attendees congratulated and thanked Ms. Peoples for her years of service.

Client Updates

Mr. Morris provided the following client updates:

- Staff is continuing to work with Our Piece of the Pie and Webster Bank, purchaser of the bonds on the consent of OPP to lease the Windham facility to the Windham Board of Education to house an educational program similar to the one provided by Path Academy.
- Staff is also working on a few potential new transactions: one for a YMCA and one for a social service agency.
- The Client Conference will be held on November 8, 2018. Representatives from Moody's Investors Service, UBS Financial Services and Hinckley Allen will speak at the conference. All Board members are welcome to attend.

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 – August 2018

Ms. Mackewicz stated that she had no notable items to report on the financials as of August 31, 2018.

APPOINTMENT OF MR. ANDREW FOSTER TO THE CHESLA BOARD OF DIRECTORS

Dr. Lisi provided some background information on Mr. Foster and stated that he met with Mr. Foster and he is very well qualified to serve on the CHESLA Board of Directors. Dr. Lisi requested a motion to appoint Mr. Andrew Foster to the CHESLA Board of Directors. Dr. Lopez moved for approval of Mr. Foster's appointment, 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>
Michael Angelini John Biancamano Anne Foley Elizabeth Hammer Dr. Peter Lisi Dr. Estela Lopez Christopher Martin Barbara Rubin Mark Varholak	None	None

AUTHORIZING BOND RESOLUTION**Covenant Home, Inc. Issue, Series 2018B**

Mr. Morris presented the Covenant Home, Inc. Issue, Series 2018B for up to \$57 million. This transaction is part of the multi-state issuance with Covenant Retirement Communities. The organization is changing their name to Covenant Living Communities and Services next year. He reported that the total par amount of the bond issue will be \$108.5 million. The Connecticut offering will remain at approximately \$48 million. Mr. Morris pointed out that since the Board mailing, Covenant was upgraded to an "A-" rating with a Stable Outlook. Mr. Morris reported on Covenants credit strengths and challenges. Mr. Morris added that the majority of entrance fee contracts are non-refundable, which is viewed as a credit strength.

Mr. Morris reported that their liquidity metrics are slightly below Fitch's A median, but cash and investments should grow with the new entrance fee units and occupancy rates. Covenant has a low credit risk profile with a geographic dispersion. Debt service will remain high compared to their revenues but it is manageable. Covenant has had a long history of reinvesting in their facilities. The new independent living units at the Covenant Village of Cromwell, was 75% presold in 10 weeks and is now up to 90%.

Mr. Morris reported on the financing structure and security of the transaction. A discussion ensued.

Dr. Lisi requested a motion to approve Resolution 2018-10, Covenant Home, Inc. Issue, Series 2018B. Ms. Rubin moved for approval of Resolution 2018-10, 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 John Biancamano Anne Foley Elizabeth Hammer Dr. Peter Lisi Dr. Estela Lopez Christopher Martin Barbara Rubin Mark Varholak	None	None

COMMITTEE REPORTS

Consultant Committee

Ms. Hammer reported that the Committee met to discuss and recommend the following appointments for a period not to exceed three years:

Special Counsel:	Carmody Torrance Sandak & Hennessey LLP McCarter & English, LLP Shipman & Goodwin LLP
Financial Advisor:	Acacia Financial Group Public Financial Management, Inc.
Underwriter:	UBS Financial Services D.A. Davidson & Co.

Dr. Lopez moved to accept the Committee’s recommendations for Special Counsel and Dr. Lisi seconded the motion.

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

AYES

NAYS

ABSTENTIONS

Michael Angelini
John Biancamano
Anne Foley
Elizabeth Hammer
Dr. Peter Lisi
Dr. Estela Lopez
Christopher Martin
Barbara Rubin
Mark Varholak

None

None

Mr. Rubin moved to accept the Committee's recommendation for Financial Advisors and Dr. Lopez seconded the motion.

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

AYES

NAYS

ABSTENTIONS

Michael Angelini
John Biancamano
Anne Foley
Elizabeth Hammer
Dr. Peter Lisi
Dr. Estela Lopez
Christopher Martin
Barbara Rubin
Mark Varholak

None

None

Dr. Lisi moved to add UBS Financial Services and D. A. Davidson & Co. to CHEFA's approved Senior Manager Underwriter list. Dr. Lopez seconded his motion.

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

AYES

Michael Angelini
John Biancamano
Anne Foley
Elizabeth Hammer
Dr. Peter Lisi
Dr. Estela Lopez
Christopher Martin
Barbara Rubin
Mark Varholak

NAYS

None

ABSTENTIONS

None

Audit-Finance Committee

Mr. Varholak reported that Ms. Peoples provided the Committee with an update on the network architecture rebuild, the internal audit engagement and a review of the Accounting System proposals.

The status of these items is as follows:

- Internal Audit – BerryDunn is moving ahead on the audit following the risk assessment approved by the Committee.
- Network Architecture Rebuild – The rebuild is close to completion and on budget.
- Accounting System Proposals – The review of the proposals, along with system demonstrations, is ongoing. The Committee agreed that management would not need to come back to the Committee to make a final decision based on the review presented.

Ms. Peoples pointed out that Mr. Robert Blake has been working with CT Comp on the network rebuild.

ADJOURNMENT

There being no further business, at 1:53 p.m., Mr. Varholak 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
Anne Foley
Elizabeth Hammer
Dr. Peter Lisi
Dr. Estela Lopez
Christopher Martin
Barbara Rubin
Mark Varholak

NAYS

None

ABSTENTIONS

None

Respectfully submitted,

Jeanette W. Weldon
Executive Director