

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Minutes of Authority Board Meeting

April 19, 2017

The State of Connecticut Health and Educational Facilities Authority met at 1:30 p.m. on Wednesday, April 19, 2017.

The meeting was called to order at 1:50 p.m. by Dr. Peter Lisi, Chair of the Board of Directors of the Authority. Those present and absent were as follows:

PRESENT:           John M. Biancamano, Vice Chair  
                  Patrick A. Colangelo  
                  Robert S. Dakers (Rep. Honorable Benjamin B. Barnes, OPM Secretary)  
                  Elizabeth C. Hammer  
                  Barbara B. Lindsay, Esq.  
                  Dr. Peter W. Lisi, Chair  
                  Dr. Estela R. Lopez  
                  Mark Varholak

ABSENT:           Barbara Rubin  
                  Sarah K. Sanders (Rep. Honorable Denise L. Nappier, State Treasurer)

ALSO PRESENT:   Jeanette W. Weldon, Executive Director  
                  Robert Blake, Network and Data Architect  
                  Daniel Kurowski, Financial Analyst, Arbitrage  
                  Eileen MacDonald, Sr. Transaction Specialist  
                  JoAnne N. Mackewicz, Controller  
                  Michael F. Morris, Managing Director  
                  Cynthia D. Peoples, Managing Director  
                  Debra M. Pinney, Manager of Administrative Services  
                  Jennifer Smyth, Legal Services Specialist  
                  David Wasch, Legislative Liaison, ECE Program Specialist  
                  Betty Weintraub, Grant Program Manager  
                  of the Connecticut Health and Educational Facilities Authority

GUESTS: Tanya Barrett, Sr. Vice President, 2-1-1 Health and Human Services  
 Dan Connelly, Director, Fairmount Capital Advisors, Inc.<sup>1</sup>  
 Steve Donovan, Esq., Hawkins, Delafield & Wood LLP<sup>2</sup>  
 D. Scott Gibson, Executive Director, Oppenheimer & Co., Inc.  
 Stella Gittens, Senior Director, PFM Financial Advisors LLC<sup>3</sup>  
 Shelby L. Lobitz, Analyst, Acacia Financial Group, Inc.<sup>4</sup>  
 Thomas S. Marrion, Esq., Partner, Hinckley, Allen & Snyder LLP  
 Joshua Nyikita, Managing Director, Acacia Financial Group, Inc.<sup>5</sup>  
 David Orise, Vice President, Century Bank  
 Marie Phelan, Esq., Pullman & Comley LLC  
 Richard Porth, President, United Way of Connecticut  
 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  
 Ann H. Zucker, Managing Partner, Carmody Torrance Sandak  
 & Hennessey LLP<sup>6</sup>

**MINUTES**

Dr. Lisi requested a motion to approve the minutes of the March 8, 2017 Special meeting of the Board of Directors, which was included in the meeting materials. Dr. Lopez moved for approval of the minutes, which was seconded by Ms. Hammer.

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>
John Biancamano	None	Patrick Colangelo
Robert Dakers		Mark Varholak
Elizabeth Hammer		
Barbara Lindsay		
Dr. Peter Lisi		
Dr. Estela Lopez		

Dr. Lisi requested a motion to approve the minutes of the March 16, 2017 meeting of the Board of Directors, which was included in the meeting materials. Mr. Varholak moved for approval of the minutes, which was seconded by Ms. Hammer.

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

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<sup>1</sup> Mr. Connelly participated in the meeting via conference telephone that permitted all parties to hear each other.  
<sup>2</sup> Mr. Donovan participated in the meeting via conference telephone that permitted all parties to hear each other.  
<sup>3</sup> Ms. Gittens participated in the meeting via conference telephone that permitted all parties to hear each other.  
<sup>4</sup> Ms. Lobitz participated in the meeting via conference telephone that permitted all parties to hear each other.  
<sup>5</sup> Mr. Nyikita participated in the meeting via conference telephone that permitted all parties to hear each other.  
<sup>6</sup> Ms. Zucker participated in the meeting via conference telephone that permitted all parties to hear each other.

**AYES**

Patrick Colangelo  
Robert Dakers  
Elizabeth Hammer  
Barbara Lindsay  
Dr. Peter Lisi  
Dr. Estela Lopez  
Mark Varholak

**NAYS**

None

**ABSTENTIONS**

John Biancamano

Dr. Lopez left the meeting at 1:51 p.m.

**COMMITTEE REPORT**

**Grant Committee**

Dr. Lisi reported that the Authority invited the United Way of Connecticut to apply for the FY 2017 Targeted Grant Program. The United Way of Connecticut’s proposal focused on the implementation of a project to enhance the 2-1-1 phone line to address the opioid crisis in Connecticut. A presentation was made by Mr. Richard Porth, CEO of United Way of Connecticut and Ms. Tanya Barrett, Senior Vice President, 2-1-1 Health and Human Services at United Way. They discussed the mission of the United Way of Connecticut 2-1-1 line, which is to help meet the needs of Connecticut and its residents by providing information, education and connection of services. They explained the project’s various components and how the usage of funds, if awarded the grant from the Authority, could enhance and streamline 2-1-1 line for individuals seeking services and resources for substance abuse in the State of Connecticut.

Dr. Lisi moved to accept the Grant Committee’s recommendation to award \$250,000 to the United Way of Connecticut for the FY 2017 Targeted Grant Program. Mr. Colangelo seconded the motion.

**AYES**

John Biancamano  
Patrick Colangelo  
Robert Dakers  
Elizabeth Hammer  
Barbara Lindsay  
Dr. Peter Lisi  
Mark Varholak

**NAYS**

None

**ABSTENTIONS**

None

## **CURRENT AND PENDING BOND ISSUES**

### **Financing Forecast and Summary of Financings**

Mr. Morris reported that there are no new financings to report. Mr. Morris added that there were no new closings since the last Board meeting.

Dr. Lopez joined the meeting at 1:53 p.m.

### **Market Rate Update**

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

## **EXECUTIVE DIRECTOR'S REPORT**

Mr. Morris provided an update on client service activities.

Ms. Weldon provided the following updates:

- There are still some legislative bills pending action in the legislature including: The hospital tax bill, and a bill to create the Office of Health Strategy and to make some changes to the Certificate of Need Program. With regard to CHEFA, Senate Bill 806, (an Act Establishing a Crumbling Foundations Assistance Program and Assisting Homeowners with Crumbling Foundations) establishes multiple means for homeowners and municipalities to deal with the crumbling foundation issue. This bill would authorize CHEFA to issue bonds in a pooled structure on behalf of two or more participating municipalities. The bill would change CHEFA's enabling statute to include "participating municipalities". CHEFA was included in the bill to give municipalities affected by the crumbling foundations issue access to conduit financing and the State's Special Capital Reserve Fund. There would be no financial exposure by CHEFA.
- Earlier this month, Mr. Morris, Mr. Wasch and Ms. Weldon attended the NAHEFFA Conference in Washington, D.C. The conference was focused on tax reform and encouraged meeting with members of Congress. Mr. Morris, Mr. Wasch and Ms. Weldon met with numerous members of the Connecticut Congressional delegation, including Senator Murphy and Representative Larson. The Authority invited two clients to attend the meetings: Mr. Michael Angelino from Yale New Haven Health and Ms. Rhona Free from the University of Saint Joseph. Tax reform and the importance of tax-exempt bonds were discussed at these meetings.
- .The CHESLA Board recently authorized a bond transaction and the Preliminary Official Statement (POS) will be posted on Thursday, April 20. The bonds will be priced on May 4, 2017 and close on May 11, 2017. The transaction is for approximately \$37 million, with \$23 million of new money and the balance for refunding.

## **FY 2017 Strategic Initiatives Updates**

Ms. Weldon reported:

- With regard to CHEFA's strategic priority, Superior Client Service, staff will be holding a tax webinar pertaining to IRS Schedule K on May 18, 2017. Ms. Marybeth Frantz from Harris Beach PLLC will be the presenter.
- With regard to the Partner in Public Policy strategic priority, staff is continuing to work with Green Bank to create a micro-grid program. Another initiative in this strategic priority is the crumbling foundations legislation.
- With regard to Maintaining a Sustainable Organization as a strategic priority, staff will be implementing a new time and attendance system on May 1<sup>st</sup>. A staff training session is scheduled to be held on Friday, April 21, 2017. Additionally, staff is moving forward with the goal of completing the internal audit activities by fiscal year end.

## **PRELIMINARY STAFF MEMORANDUM**

### **Mary Wade Home Issue, Series A**

Mr. Morris presented the Mary Wade Home Issue, Series A for approximately \$35 million, which will be an unenhanced public offering. Proceeds from the offering will be used to finance the construction of a new healthcare building consisting of 50 residential care units, 20 assisted living units and 20 memory-support assisted living units. In addition, proceeds will be used to refinance existing bank debt in the amount of approximately \$10.8 million.

Mr. Morris stated that the Obligated Group will consist of the parent, MW Healthcare, Inc., Mary Wade Home, Incorporated, and Mary Wade Residence, Inc., which is a new 501(c)3 corporation. Mary Wade does not currently have an underlying rating. A final rating will be required prior to seeking final Board approval.

Mr. Morris explained the security and covenant requirements, in addition to the financing structure of the transaction. Mr. Morris pointed out that the liquidity covenant has not been set. Although liquidity is strong with consistently favorable occupancy rates over the past three years, operating performance is at break even. The Home will have a feasibility study prepared by Marcum. Staff has requested a copy of the Home's strategic plan, as the assisted living market is a new line of business for the institution.

Mr. Morris mentioned that a market study for providers of senior living services was completed with Brecht Associations in New Jersey. Mr. Morris provided a brief overview of some of the findings in the study, which included an analysis of the competition for assisted living and memory care communities in the market area.

## **AUTHORIZING BOND RESOLUTION**

### **Kent School Issue, Series H**

Mr. Morris presented the Kent School Issue, Series H, for approximately \$20 million, which will be a direct purchase with People's United Muni Finance Corp, a subsidiary of People's United Bank. Proceeds will be used to current refund the School's 2013 Series F bonds and finance \$3.25 million to construct a squash court facility and additional capital projects associated with the new facility.

Mr. Morris stated that the School is rated "A" from Standard and Poor's. He provided an overview of the security, financing structure and covenant requirements.

Dr. Lisi introduced Resolution #2017-10, Kent School Issue, Series H, which was included in the board meeting materials. Ms. Hammer moved for adoption of Resolution #2017-10. Dr. Lopez seconded the motion.

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

#### **AYES**

John Biancamano  
Patrick Colangelo  
Robert Dakers  
Elizabeth Hammer  
Barbara Lindsay  
Dr. Peter Lisi  
Dr. Estela Lopez  
Mark Varholak

#### **NAYS**

None

#### **ABSTENTIONS**

None

## **COMMITTEE REPORT**

### **Audit-Finance/Human Resources Committee**

Mr. Biancamano provided an historical background on the joint committee meetings that are scheduled prior to a final decision made on the final staff compensation and benefits, capital and operating budgets in May. The joint committees met to review the FY 2018 proposed staff compensation and benefits budget and approved the budget. He explained that staff will be evaluated based on a merit system and a committee of Officers reviews staff's performance evaluations. Staff merit increases will range from 0% to 2.5% and Officers will be eligible for 0% to 2% increase. The compensation and benefits budget will be incorporated into the final budget, which will be reviewed next month by the Audit-Finance Committee and the Board of Directors.

After some discussion concerning the number of vacation days issued to staff according to years of service, the Committee approved a change to the vacation policy for non-officers with 0 to 2 years of service to go from 10 to 15 vacation days and for Officers with 0 to 2 years of service to go from 15 to 20 vacation days effective July 1, 2017.

Mr. Biancamano requested a motion to approve the changes to the vacation policy. Mr. Colangelo moved to approve the vacation policy changes and Mr. Varholak 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>
John Biancamano Patrick Colangelo Robert Dakers Elizabeth Hammer Barbara Lindsay Dr. Peter Lisi Dr. Estela Lopez Mark Varholak	None	None

## **CHEFA FINANCIAL OPERATIONS**

### **February 2017 Financial Statements**

Ms. Mackewicz reported on the financial statements for the eight months ending February 28, 2017. Excess revenues over expenses before program related expenses were approximately \$2.9 million and approximately \$2 million after program related expenses.

The year-to-date revenues exceeded year-to-date expenses by approximately \$177,000. Regarding CHEFA fees, Ms. Mackewicz indicated that modifications have been made. The primary modification was the result of the Trinity Health issue which was budgeted at \$22 million and was actually a \$220 million transaction. The balance of the modification came from the ECHN and Waterbury both assumed to close prior to July 1<sup>st</sup>, actually both closed in the current fiscal year. Expenses were under budget year-to-date by approximately \$124,000.

## **ADJOURNMENT**

There being no further business, at 2:25 p.m., Dr. Lisi moved to adjourn the meeting and Mr. Colangelo seconded his motion.

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

**AYES**

John Biancamano  
Patrick Colangelo  
Robert Dakers  
Elizabeth Hammer  
Barbara Lindsay  
Dr. Peter Lisi  
Dr. Estela Lopez  
Mark Varholak

**NAYS**

None

**ABSTENTIONS**

None

Respectfully submitted,

Jeanette W. Weldon  
Executive Director