

THE STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Minutes of Authority Special Board Meeting
August 19, 2020

The State of Connecticut Health and Educational Facilities Authority held a Special meeting via teleconference at 1:30 p.m. on Wednesday, August 19, 2020.¹

The Special meeting was called to order at 1:30 p.m. by Peter W. Lisi, Chairman of the Board of Directors of the Authority. Those present and absent were as follows:

PRESENT: Peter W. Lisi, Chairman
Michael Angelini
Lawrence Davis
Anne Foley (*Designee for Melissa McCaw, OPM Secretary*)
Darrell V. Hill (*Designee for CT State Treasurer Shawn T. Wooden*)
Barbara B. Lindsay, Esq.
Dr. Estela R. Lopez
Susan Martin

ABSENT: Mark Varholak

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Debrah Galli, Manager, Administrative Services
Robert Jandreau, Sr. Finance Associate
Daniel Kurowski, CHEFA CDC Program Manager
Eileen MacDonald, Sr. Transaction Specialist
Michael F. Morris, Managing Director
Cynthia D. Peoples-H., Managing Director, Operations & Finance
Kara Stuart, Administrative Services Assistant
of the Connecticut Health and Educational Facilities Authority

GUESTS: Bruce Chudwick, Esq., Shipman & Goodwin LLP
Scott Gibson, Executive Director, Oppenheimer & Co. Inc.
Laurie Hall, Esq., Hawkins, Delafield & Wood LLP
Deborah Henry, Principal Attorney, Hardwick Law Firm, LLC
Josh Nyikita, Managing Director, Acacia Financial Group, Inc.
Trina Smith, Sr. Managing Consultant, Public Financial Management, Inc.

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the minutes of the June 24, 2020 Special meeting of the Board of Directors. Dr. Lopez moved for approval of the minutes, which was seconded by Mr. Hill.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

AYES

Lawrence Davis
Anne Foley

NAYS

None

ABSTENTIONS

Michael Angelini²

¹ All attendees participated in the meeting via conference telephone that permitted all parties to hear each other

² Mr. Angelini abstained from voting as he did not attend the June 24, 2020 Special Meeting.

Darrell V. Hill
Barbara Lindsay
Peter Lisi
Dr. Estela Lopez
Susan Martin

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the minutes of the July 22, 2020 meeting of the Board of Directors. Mr. Angelini moved for approval of the minutes, which was seconded by Dr. Lopez.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini	None	None
Lawrence Davis		
Anne Foley		
Darrell V. Hill		
Barbara Lindsay		
Peter Lisi		
Dr. Estela Lopez		
Susan Martin		

FINAL STAFF MEMO and AUTHORIZING BOND RESOLUTION (Authorizing Resolution #2020-15)
Sacred Heart University Issue, Series K

Mr. Jandreau stated staff would like to recommend approval of up to \$125 million for the Sacred Heart Issue, Series K. Mr. Jandreau said staff’s recommendation is based on its credit assessment of the University which includes both credit strengths and challenges listed on the first page of the Board memo. The recommendation is also based on the updated underlying credit ratings of A3/A by Moody’s and S&P respectively, both of which carry stable outlooks.

Mr. Jandreau noted, as mentioned in staff’s preliminary memo at the July Board meeting, that the ratings were anticipated to remain unchanged as the University had communicated its plan to issue additional debt at the time of its previous rating assessment, and therefore, the issuance of the Series K bonds was not a surprise to either of the rating agencies.

Mr. Jandreau reported that enrollment growth, solid demand, and strong operating results were highlighted as areas of strength, while leverage, debt service burden, liquidity, and COVID-19 were highlighted as offsetting factors by the rating agencies. This lines up with staff’s findings.

Mr. Jandreau stated that with the expectation that the University has no further intentions of issuing additional debt in the near term, in addition to aiming to maintain its current credit ratings, staff feels strongly that the University will continue to deliver strong operating results, and will continue to successfully execute on its plan to enhance its program offerings, grow enrollment, and improve the student experience.

Mr. Lisi requested a motion for approval up to \$125 million for the Sacred Heart University Issue, Series K (Authorizing Resolution #2020-15). Mr. Angelini moved for approval up to \$125 million for the Sacred Heart University Issue, Series K (Authorizing Resolution #2020-15) and Dr. Lopez seconded the motion.

Mr. Lisi opened the floor up to questions and a discussion ensued.

With the possibility of students not returning to campus and requesting a refund for room and board, Mr. Davis inquired how the University plans to handle this situation. Mr. Jandreau stated the University set aside reserves of \$6 million to deal with this particular issue should it arise. A discussion ensued.

With the uncertainty of COVID-19, Mr. Davis inquired if there has been an impact on the expenses and profitability of the University. Mr. Jandreau reported that the University has a flexible endowment in which unrestricted funds could be moved if necessary and a process is in place. A brief discussion ensued.

With some schools reducing tuition by 10 to 15% for students not able to be on campus, Ms. Lindsay inquired if that possibility has been factored into the University’s \$6 million reserve plan. Mr. Jandreau stated the focus is more so on partial reimbursement of room and board, and because the University will offer online education, it is not a priority since students can still receive an education online.

With the unpredictability of COVID-19, Mr. Lisi inquired if the rating agency’s still feel favorably that the \$6 million reserves will be enough. Mr. Jandreau stated that due to the various conversations he has had with the University that this amount will be sufficient. A brief discussion ensued.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini	None	None
Lawrence Davis		
Anne Foley		
Darrell V. Hill		
Barbara Lindsay		
Peter Lisi		
Dr. Estela Lopez		
Susan Martin		

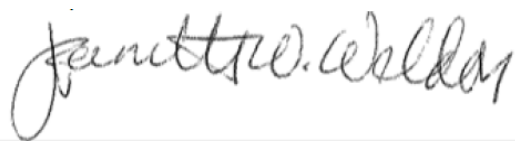
ADJOURNMENT

There being no further business, at 1:57 p.m., Mr. Lisi requested a motion to adjourn the meeting. Dr. Lopez moved to adjourn the meeting and Mr. Davis seconded the motion.

Upon a voice vote, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini	None	None
Lawrence Davis		
Anne Foley		
Darrell V. Hill		
Barbara Lindsay		
Peter Lisi		
Dr. Estela Lopez		
Susan Martin		

Respectfully submitted,

A handwritten signature in cursive script that reads "Jeanette W. Weldon". The signature is written in black ink and is positioned above a thin horizontal line.

Jeanette W. Weldon
Executive Director