

CHEFA

CONNECTICUT HEALTH AND EDUCATIONAL
FACILITIES AUTHORITY



September 25, 2014

His Excellency, Dannel P. Malloy
Governor
State of Connecticut
State Capitol
Hartford, CT 06106

Dear Governor Malloy:

In accordance with the reporting requirements of Connecticut General Statutes §1-122, §1-123 and §10a-194 for the Fiscal Year Ending June 30, 2014, the Connecticut Health and Educational Facilities Authority (CHEFA) is pleased to submit the following information:

- Tab 1 Audited Financial Statements for the Fiscal Year Ending June 30, 2014.
- Tab 2 Grant dollars provided by CHEFA in FY 2014, including the name of the recipient, the project's purpose, and location.
- Tab 3 Schedule of Indebtedness as of June 30, 2014.

This schedule of indebtedness also includes bond issues supported by a guarantee from the State via the Special Capital Reserve Fund (SCRF) Program.

- The State's total contingent liability for these SCRF bonds as of June 30 2014 was \$349,385,000 as compared to the June 30, 2013 figure of \$292,130,000.
- These SCRF bonds include \$342,215,000 outstanding on behalf of the Connecticut State University System and \$7,170,000 outstanding on behalf of nursing homes.

- Tab 4 Schedule of outside individuals and firms receiving in excess of \$5,000 in the form of loans, grants or payments for services for the Fiscal Year Ending June 30, 2014.
- Tab 5 Budget for the Fiscal Year Ending June 30, 2015 initially approved by the Authority's Board of Directors on May 28, 2014 and revised by the Board on September 17, 2014.
- Tab 6 Review of Performance Relative to FY 2013 – FY 2015 Strategic Business Plan.
- Tab 7 Affirmative Action Policy Statement for 2014.
- Tab 8 Agency Workforce Composition as of June 30, 2014.

**Connecticut Health and Educational Facilities Authority
FY 2014 Update on Activities**

Consolidation of Connecticut Higher Education Supplemental Loan Authority (CHESLA) – Effective July 1, 2012, CHESLA was statutorily consolidated with CHEFA, pursuant to Public Act 12-149. CHESLA is a quasi-public state authority created to help students in or from the State finance the cost of higher education. CHESLA now effectively operates as a subsidiary of CHEFA. Jeanette Weldon, Managing Director of CHEFA, also serves as Executive Director of CHESLA. The CHEFA Board Chair also serves as the Board Chair of CHESLA and CHESLA Board members include the Executive Director of CHEFA, two higher education representatives who also serve on the CHEFA Board, representatives from the State Treasurer's Office, the Office of Policy and Management, the Board of Regents for Higher Education and two other members appointed by CHEFA.

The CHESLA consolidation with CHEFA allowed certain previously outsourced CHESLA functions to be provided by CHEFA staff. FY 2014, CHESLA paid CHEFA approximately \$143,000 for management and support services. This compares favorably to the approximately \$216,000 paid by CHESLA for outsourced services in FY 2012, prior to the consolidation. The CHESLA consolidation is reflected in the audited financial statements which are presented on a consolidated basis. (See Tab 1)

Additional information on CHESLA may be found in the CHESLA Annual Report, available on line at www.chesla.org.

Grant Programs – In FY 2014, the Authority disbursed \$3,508,192 in grant dollars through its Client Grant Program and Nonprofit Grant Program. A listing of grant dollars disbursed in FY 2014 is provided under Tab 2.

Bond Issuance – In FY 2014, approximately \$1.2 billion of bonds were issued by CHEFA, representing 28 bond offerings. CHEFA continued to experience a significant number of privately placed transactions. In FY 2014, approximately 68% of CHEFA's total issues were privately placed, most often directly with local or regional banks. Other statistics for FY 2014 are as follows:

- Approximately 72% of dollar volume in FY 2014 represented new money financings;
- Approximately 56% of dollar volume represented variable rate transactions;
- One bond offering was backed by the Special Capital Reserve Fund.

**Connecticut Health and Educational Facilities Authority
FY 2015 Description of Planned Activities**

In order to fulfill the requirements of Connecticut General Statute (C.G.S.) §1-123 regarding planned activities for FY 2015, the Authority submits the following:

FY 2015 CHEFA Budget – The Board of Directors initially approved the FYE June 30, 2015 Annual Budget on May 28, 2014 and approved a revised budget on September 17, 2014. The approved revised operating budget projects revenue from annual fees, investment income and upfront application fees of \$7,478,779, operating expenses of \$3,837,779, and program related expenses of \$3,305,940, including approximately \$3,000,000 for the grant program. The revised budget is included under Tab 5.

FY 2013 – 2015 Strategic Business Plan – CHEFA developed its Strategic Business Plan with the following core goals.

1. Superior Client Service

- A. Cost Effective and Timely Financing
- B. Post Issuance Compliance
- C. Effective Post Issuance Fund Management
- D. Strengthen Client and Investor Relations

2. Programs and Services that Meet the Demands of a Changing Market

- A. Evolve Existing Programs
- B. Develop/Implement New Programs
- C. Provide Grants and Other Financial Assistance
- D. Develop New Market Sectors

3. Partner in Public Policy

- A. Leadership in Creation of Public Policy
- B. Collaboration with Other State Entities and Advocacy Groups on Common Interests
- C. Public Advocacy on Behalf of Constituents

4. Sustainable and Ethical Organization

- A. Staff and Management Development
- B. Board Development and Agency Oversight
- C. Increased Awareness of the Authority's Accomplishments and Challenges
- D. Effective Management Process

A review of performance relative to the Strategic Business Plan was provided to the CHEFA Board of Directors on September 17, 2014. A copy of this report is included under Tab 6.

Specific strategic objectives for FY 2015 include:

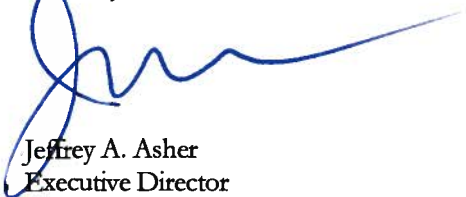
- Borrower education
- Continued Board development
- Continued development of the Connecticut Higher Education Supplemental Loan Authority (CHESLA)
- Review of the grant program structure
- Continued collaboration with other state entities in areas such as child care

Affirmative Action Efforts

Included in this package are CHEFA's affirmative action policy statement and a description of the Agency's workforce by race, gender and occupation for the Fiscal Year Ending June 30, 2014. CHEFA had a relatively small workforce of 20 full-time equivalent employees (FTE's) excluding two CHESLA employees, as of June 30, 2014, with approximately 20% minority, including two minority officers (a Managing Director and an Assistant Director).

If you have any questions or need further information, please call me at 860-761-8414.

Sincerely,



Jeffrey A. Asher
Executive Director

cc: Robert M. Ward
John C. Geragosian
Auditors of Public Accounts (2 copies)

Program Review and Investigations Committee (2 copies)
Connecticut State Library (2 copies)
Legislative Library (2 copies)

State of Connecticut Health and Educational Facilities Authority (*A Component Unit of the State of Connecticut*)

Management's Discussion and Analysis,
Independent Auditors' Report,
Consolidated Financial Statements and Exhibits

As of and for the Years Ended
June 30, 2014 and 2013



Saslow Lufkin & Buggy, LLP
Certified Public Accountants and Consultants

State of Connecticut Health and Educational Facilities Authority
(A Component Unit of the State of Connecticut)
Management's Discussion and Analysis,
Independent Auditors' Report, Consolidated Financial Statements and Exhibits
As of and for the Years Ended June 30, 2014 and 2013

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State of Connecticut Health and Educational Facilities Authority
Management's Discussion and Analysis
As of and for the Years Ended June 30, 2014 and 2013
(Amounts Expressed in Thousands)

This Management's Discussion and Analysis (MD&A) of the State of Connecticut Health and Educational Facilities Authority's (CHEFA's or the Authority's) activities and financial performance provides the reader with an introduction to the audited financial statements for the fiscal years ended June 30, 2014 and 2013. Following this MD&A are the financial statements of the Authority together with the notes thereto, which are essential to a full understanding of the data contained in the financial statements.

CHEFA is a conduit issuer of tax-exempt bonds issued on behalf of non-profit healthcare institutions, higher education institutions and private secondary schools, child care facilities, long-term care facilities, cultural institutions and various other qualified non-profit institutions pursuant to Connecticut General Statutes Chapter 187, Sections 10a-176 through 10a-198. These tax-exempt bonds are financial obligations of the institution on whose behalf CHEFA issues the bonds. The issuance of tax-exempt bonds can provide funds for new construction projects, the refinancing of eligible existing debt, funding of Debt Service Reserve Funds (if applicable), and funding of issuance costs.

Effective July 1, 2012, the Connecticut Higher Education Supplemental Loan Authority (CHESLA) was statutorily consolidated into CHEFA, effectively making CHESLA a subsidiary of CHEFA. CHESLA issues tax-exempt bonds in order to fund student loans for the higher education of students in or from the State of Connecticut. CHESLA's bonds are repaid from student loan repayments and are further supported by a Special Capital Reserve Fund the replenishment of which is deemed appropriated by the State of Connecticut.

The Authority's financial statements are consolidated and reflect the combined operations of CHEFA and CHESLA. Consolidating schedules are provided as supplemental information. The financial statements use proprietary fund reporting and report the financial position in three basic financial statements: (1) a statement of net position; (2) a statement of revenues, expenses and changes in net position; and (3) a statement of cash flows.

This Management's Discussion and Analysis is broken into two major segments, one addressing the operations of CHEFA as an individual entity, and the other addressing the operations of CHESLA as an individual entity. Financial information presented in each section is derived from the supplemental consolidating schedules included with the financial statements and from management records.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY (CHEFA or the Authority)

Bonds Issued - The following is a review of CHEFA bonds issued for FY 2014, FY 2013 and FY 2012, summarized by market segment.

In FY 2014, CHEFA bond issuance volume increased 188% over FY 2013 levels and approximately equaled the near record breaking dollar volume experienced in FY 2012. The increase results from more than a 47% increase in bond offerings and a larger average issue size (approximately \$43,300 in FY 2014 vs. \$22,200 in FY 2013). During FY 2014, CHEFA continued to experience a significant number of privately placed transactions. Approximately 68% of CHEFA's total issues were privately placed, most often directly with local or regional banks. Healthcare was the most active sector in FY 2014 consisting of 14 bond offerings totaling \$891,820, with Yale New Haven Health issuing over 60% of the total dollar volume for the sector.

Other statistics for FY 2014 are as follows:

- Approximately 72% of dollar volume in FY 2014 represented refundings;
- Approximately 56% of dollar volume represented variable rate transactions; and
- One bond offering was backed by the Special Capital Reserve Fund.

State of Connecticut Health and Educational Facilities Authority
Management's Discussion and Analysis (continued)
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In FY 2013, CHEFA bond issuance volume was at its lowest level in the three past years, with 19 offerings totaling \$421,268, with an average issue size of approximately \$22,000. During FY 2013, CHEFA experienced a significant number of privately placed transactions representing approximately 62% of CHEFA dollar issuance volume and 74% of total issues. The private secondary schools accounted for the largest issuance volume (over 50%), while the healthcare sector accounted for the largest dollar volume (approximately 50%).

In FY 2012, CHEFA had a 143% increase in par amount issued over FY 2011 levels. The bonds issued during FY 2012 include \$584,043 for new projects and \$631,280 in refinancing of existing bond issues. This total issuance of \$1,215,323 is the second highest annual volume in CHEFA's history. A high volume of refinancing resulted from the low interest rate environment. In FY 2012, healthcare was the most active sector, with the year's largest transaction of \$325,815 for Hartford HealthCare Corporation.

	2014		2013		2012	
	# of issues	Par amount	# of issues	Par amount	# of issues	Par amount
Healthcare	14	\$ 891,820	4	\$ 207,145	9	\$ 890,440
Higher education	6	240,610	2	46,060	5	167,620
Private secondary schools	6	65,426	10	103,609	7	88,963
Long-term care	1	5,000	2	44,454	-	-
Child care	-	-	-	-	1	28,840
Other	1	9,987	1	20,000	2	39,460
	<u>28</u>	<u>\$ 1,212,843</u>	<u>19</u>	<u>\$ 421,268</u>	<u>24</u>	<u>\$ 1,215,323</u>

Annual Fees - The following is a summary of the revenues generated from annual administrative fees charged during FY 2014, FY 2013 and FY 2012 based on the Board approved administrative fee of 9 basis points (or .0009) on the outstanding balance for all market segments with the exception of Special Capital Reserve Fund long-term care bond issues which have a 14 basis points (or .0014) fee.

	2014	2013	2012
Healthcare	\$ 2,374	\$ 2,308	\$ 2,114
Higher education	4,002	3,930	3,950
Private secondary schools	581	572	559
Long-term care	166	177	207
Child care	58	59	62
Other	52	64	64
	<u>\$ 7,233</u>	<u>\$ 7,110</u>	<u>\$ 6,956</u>

CHEFA fee revenue has increased, reflecting the impact of new issuances and the par amount of bonds outstanding.

State of Connecticut Health and Educational Facilities Authority
Management's Discussion and Analysis (continued)
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(Amounts Expressed in Thousands)

Statements of Net Positions - The table below reflects CHEFA's Statements of Net Position, as shown in the Consolidating Statement of Net Position, supplemental to the financial statements for FY 2014, with comparable for FY 2013 and FY 2012 provided by management.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets			
Current unrestricted assets:			
Cash	\$ 361	\$ 227	\$ 276
Accounts receivable	617	195	379
Board designated investments	11,617	10,638	7,941
Prepaid expenses and other assets	<u>80</u>	<u>91</u>	<u>123</u>
Total current unrestricted assets	12,675	11,151	8,719
Current restricted assets:			
Cash	-	57	81
Fund investments	<u>407,730</u>	<u>507,721</u>	<u>571,323</u>
Total current restricted assets	407,730	507,778	571,404
Non-current assets:			
Restricted investments	7,088	7,167	7,257
Capital assets, net	<u>171</u>	<u>178</u>	<u>158</u>
Total assets	<u><u>\$ 427,664</u></u>	<u><u>\$ 526,274</u></u>	<u><u>\$ 587,538</u></u>
Liabilities			
Current liabilities	\$ 410,720	\$ 509,451	\$ 572,061
Non-current liabilities	<u>2,182</u>	<u>2,182</u>	<u>2,191</u>
Total liabilities	412,902	511,633	574,252
Net position			
Invested in capital assets	171	178	158
Restricted	4,906	4,985	5,066
Unrestricted	<u>9,685</u>	<u>9,478</u>	<u>8,062</u>
Total net position	<u>14,762</u>	<u>14,641</u>	<u>13,286</u>
Total liabilities and net position	<u><u>\$ 427,664</u></u>	<u><u>\$ 526,274</u></u>	<u><u>\$ 587,538</u></u>

Unrestricted Assets - The following is an overview of the major components unrestricted current assets.

Cash - Normal operating activity has resulted in fluctuations in unrestricted cash, as reflected in a \$134 increase in FY 2014 to a balance of \$361. This compares to a \$49 decrease in FY 2013 and balance of \$227, and a \$36 increase and balance of \$276 in FY 2012.

State of Connecticut Health and Educational Facilities Authority
Management's Discussion and Analysis (continued)
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Accounts Receivable - This represents receivables for annual administrative fees and annual trustee fees paid by CHEFA and billed to the institutions, net of allowances. The variability over the past three years, ranging from \$617 in FY 2014, to \$195 in FY 2013, and \$379 in FY 2012 is mainly a reflection of the par amount of bonds outstanding, and the timing of billing and payments received.

Board Designated Investments - In FY 2014 there was an increase of \$979 to \$11,617 in Board Designated investments, resulting from strong operating performance. Board Designated funds in FY 2013 increased \$2,697 over FY 2012 to \$10,638 as a result of favorable fiscal year financial performance. Authority funds are invested in accordance with the Authority's Board approved investment policy.

Restricted Assets - The following is an overview of the major components of restricted assets.

Fund Investments - Fund investments represent all of CHEFA's restricted assets in FY 2014, FY 2013 and FY 2012. These are investments associated with construction funds managed and held by CHEFA on behalf of its client institutions and include the construction account, capitalized interest account and the cost of issuance account. Fund investments for FY 2014 are 20% lower than FY 2013, totaling \$407,730. Fund investments also include proceeds of tax-exempt equipment loan financings completed by the Authority through its Easy Loan program.

Exhibit A attached to this Management's Discussion and Analysis details the construction fund balances, including cash and investments, as of June 30, 2014, 2013, and 2012 and the corresponding CHEFA financing.

The Construction Funds are managed by the Authority on behalf of the borrowing institutions. The proceeds are invested and managed in accordance with an investment policy that is approved by the Authority's Board of Directors and are invested in strict accordance with the relevant provisions of the respective bond issue trust indentures and with Connecticut state law. Bond funds are generally invested in the Fidelity Institutional Government Money Market Fund, Class I; State of Connecticut Treasurer's Short-Term Investment Fund; obligations issued or guaranteed by the U.S. Government; and Qualified Guaranteed Investment Contracts complying with Connecticut General Statutes Section 10a-180(s).

Other Investments - Prior to FY 2012, other investments representing debt service reserve funds associated with the Authority's Tax-Exempt Pooled Issue Loan Program for child care providers and held by the Bond Trustee were also part of restricted assets. The State of Connecticut was the original source of most of these funds, with an additional \$500 contributed by the Authority. In FY 2012, \$3,000 was released back to the State through a refinancing transaction for which the Authority's \$500 was used to cover costs of issuance. As of June 30, 2012, Authority management decided to remove the remaining asset and liability, given that this amount is held by the bond trustee.

Non-Current Assets - the following is an overview of the major changes in non-current assets.

In order to clarify the commitment of certain CHEFA assets to specific purposes, management has identified as "Non-current assets - Restricted investments" those assets which are legally required to be held for a specific program or purpose.

State of Connecticut Health and Educational Facilities Authority
Management's Discussion and Analysis (continued)
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For each of FY 2014 and FY 2013, Non-current assets-Restricted investments for the School Readiness and Child Daycare Guaranteed Loan Fund Program consist of \$4,320 and \$2,182 in amounts held for the State of Connecticut in connection with the child care Small Direct loan and Guaranteed Loan Programs. The Connecticut Credit Union Student Loan Guarantee Program (CUSLP) totaled \$586 and \$665 for FY 2014 and FY 2013 (respectively). The CUSLP is not currently accepting new loans and the Authority is only holding an amount equal to its current exposure under the program. These amounts are consistent with amounts held in FY 2013 and FY 2012 in those programs. CHEFA previously held funds for the Connecticut Green Technology, Life Science, and Health Information Technology Loan Forgiveness Program, and pursuant to Public Act 10-75, as of January 1, 2012, the Authority transferred the \$3,000 to the State of Connecticut.

Liabilities - the following is an overview of the major components of liabilities, both current and non-current.

Accounts Payable and Accrued Expenses - Accounts payable and accrued expenses increased to \$2,990 in FY 2014 from \$1,673 in FY 2013. This fluctuation was in the normal course of business. Accrued expenses increased to reflect the increase in amounts awarded through CHEFA's Non-Client Grant program. In FY 2013, the accounts payable and accrued expenses had increased by \$1,016 over FY 2012's \$657 balance, also reflecting CHEFA's grant program.

Amounts Held for Institutions - The \$407,730 for FY 2014, \$507,778 for FY 2013, and the \$571,404 for FY 2012, reflect the amount held by the Authority for client construction funds, including the construction account, the cost of issuance account, equity account and the capitalized interest account. This also includes proceeds of the Authority's tax-exempt equipment financing program ("Easy Loan"). Fluctuations in the amounts occur as new projects are funded and as disbursements are made on new or existing projects.

Non-current liabilities - This reflects the amounts held by the Authority pursuant to Public Act 97-259 for school readiness and child day care programs. The Act provided \$1,500 to fund the loan guarantees for the Guaranteed Loan Fund Program managed by Peoples United Bank and \$750 to fund the guarantees for the Small Direct Loan Fund Program managed by the Connecticut Community Investment Corporation (CTCIC). As of FY 2014, a total of \$68 has been disbursed to CTCIC for defaulted loans.

Net Position - the following is an overview of the major changes in net assets.

For FY 2014, total net assets increased by \$121, reflecting the increase in grant expense compared to FY 2013 levels. In FY 2013, total net assets increased by \$1,355 slightly more than the FY 2012 increase of \$1,157. The results reflect normal operating and other activity.

State of Connecticut Health and Educational Facilities Authority
Management's Discussion and Analysis (continued)
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(Amounts Expressed in Thousands)

The changes in net position for FY 2014, FY 2013 and FY 2012 are summarized below.

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues:			
Administrative fees	\$ 7,233	\$ 7,110	\$ 6,956
Investment income	9	14	12
Bond issuance fees	80	158	101
Other revenue	178	241	22
Total operating revenues	<u>7,500</u>	<u>7,523</u>	<u>7,091</u>
Operating expenses:			
Salaries and related expenses	2,848	2,844	2,795
General and administrative	1,023	1,057	1,135
Total operating expenses	<u>3,871</u>	<u>3,901</u>	<u>3,930</u>
Total operating income	3,629	3,622	3,161
Non-operating activity:			
Grant expense	(3,508)	(2,267)	(2,004)
Transfer to State of Connecticut	<u>-</u>	<u>-</u>	<u>-</u>
Change in net position	<u>\$ 121</u>	<u>\$ 1,355</u>	<u>\$ 1,157</u>

Operating Revenues - the following summarizes key components of operating revenues.

Administrative Fees - 28 bond issues closed in FY 2014; 19 bond issues closed in FY 2013; and 24 bond issues closed in FY 2012. Despite fluctuations in annual issuance volume, CHEFA fee revenue maintains a degree of consistency because fees are based on the total par amount outstanding in any given year. CHEFA administrative fee revenue increased by \$123, or 2% to \$7,233 in FY 2014 and by \$154 to \$7,110 in FY 2013; and by \$269 to \$6,956 in FY 2012.

Bond Issuance Fees - This amount reflects the upfront fees paid to the Authority in connection with each bond transaction. These amounts fluctuate in correlation to the number of transactions in any given year.

Investment income - The investment income for FY 2014 was \$9, continuing to reflect the low interest rate environment, a slight decline from FY 2013's investment income of \$14, which was a slight improvement over the FY 2012 level of \$12.

Other Revenue - Other revenue represents recovery of certain expenses, including grant expense. In FY 2014, other revenue also includes approximately \$154 from CHESLA to cover support services provided by CHEFA. Support fees included for FY 2013 were \$110.

State of Connecticut Health and Educational Facilities Authority
Management's Discussion and Analysis (continued)
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Operating Expenses

Salaries and Related Expenses - Salaries and related expenses increased by \$4 in FY 2014 to \$2,848, by \$49 in FY 2013 to \$2,844, and by \$73 to \$2,795 in FY 2012.

General and Administrative Expenses - General and administrative expenses in FYE 2014 totaled \$1,023 from FY 2013's total of \$1,057, a decline of \$34, further declining from FY 2012 levels of \$1,135. Over the three year period there has been a significant decline in consultant expense, particularly with regard to arbitrage rebate consultants.

Non-Operating Expenses

Grant Expense - Grant expense increased in FY 2014 by \$1,241. \$1,008 was awarded to CHEFA clients and the remainder to non-client social service agencies. The dollars were distributed to various entities following an application process, with non-client grant dollars distributed for shelter, food, and health care related purposes. FY 2013 and FY 2012 grant expenses were comparable and totaled \$2,267 and \$2,004, respectively.

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY (CHESLA)

Loan Disbursements - CHESLA provides financial assistance in the form of education loans to students in or from the State of Connecticut. CHESLA is authorized to issue tax-exempt bonds, the proceeds of which are used to fund education loans to applicants meeting certain eligibility requirements. The repayments of such loans service the debt on CHESLA bonds. Public Act 12-149, effective July 1, 2012, statutorily consolidated CHESLA with the Connecticut Health and Educational Facilities Authority (CHEFA).

In FY 2014, CHESLA disbursed \$20,839 in loan dollars as compared to \$19,745 in FY 2013 and \$20,149 in FY 2012. The 2014 disbursements reflect an increase of 5.5% over FY 2013 which had reported a 2% decline from FY 2012 levels. Approximately 57% of the disbursement volume in FY 2014 went to students attending institutions within the State of Connecticut, a level consistent with prior trends. Loan funds were primarily derived from proceeds of the 2013 Series A bonds issued on April 2, 2013 and carried a 5.99% interest rate. CHESLA issued its 2014 Series A Bonds on June 18, 2014, in the par amount of \$23 million. Loans made from the 2014 Series A Bonds will carry an interest rate of 6.75%.

State of Connecticut Health and Educational Facilities Authority
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The following summarizes the key components of loans disbursed.

	2014	2013	2012
In State Institution:	13/14 Term	12/13 Term	11/12 Term
Jul - Sept (1Q)	\$ 5,218	\$ 4,895	\$ 5,163
Oct - Dec (2Q)	661	5,064	2,103
Jan - Mar (3Q)	5,666	1,194	4,492
Apr - Jun (4Q)	320	213	248
Total In State Institution	11,865	11,366	12,006
Out of State Institution:			
Jul - Sept (1Q)	3,561	3,636	3,163
Oct - Dec (2Q)	899	3,917	1,056
Jan - Mar (3Q)	4,283	755	3,779
Apr - Jun (4Q)	231	71	145
Total Out of State Institution	8,974	8,379	8,143
Total:			
Jul - Sept (1Q)	8,779	8,531	8,326
Oct - Dec (2Q)	1,560	8,981	3,159
Jan - Mar (3Q)	9,949	1,949	8,271
Apr - Jun (4Q)	551	284	393
Total	<u>\$ 20,839</u>	<u>\$ 19,745</u>	<u>\$ 20,149</u>

CHESLA receives annual administrative fees on the outstanding balances of loans. The fees vary in accordance with the loan series and range from 30 to 100 basis points. Since FY 2011, the administrative fees for loans associated with the 1990 resolution (which most recently includes loans made with 2014 and 2013 bond proceeds) has been 30 basis points. As older loans with higher fees have been paid down, revenues have decreased as shown below.

State of Connecticut Health and Educational Facilities Authority
Management's Discussion and Analysis (continued)
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	Admin Fee Basis				
	Points	2014	2013	2012	
1993 Bond/Loan Program	100	\$ -	\$ -	\$	1
1994 Bond/Loan Program	100	-	2		3
1996 Bond/Loan Program	70	2	3		6
1998 Bond/Loan Program	^	1	3		6
1999 Bond/Loan Program	^	4	6		8
2000 Bond/Loan Program	^	7	10		14
2001 Bond/Loan Program	^	18	18		23
2003 Bond/Loan Program	100	76	94		113
2005 Bond/Loan Program	100	129	152		176
2006 Bond/Loan Program	100	137	159		184
2007 Bond/Loan Program	60	136	157		179
2009 Bond/Loan Program	^	58	62		66
2010 Bond/Loan Program	30	101	88		14
2013 Bond/Loan Program	30	36	-		-
2014 Bond/Loan Program	30	-	-		-
Total Revenues		<u>\$ 705</u>	<u>\$ 754</u>	<u>\$</u>	<u>793</u>

^ Administrative fee was 60 basis points in FY 2011 and 30 basis points thereafter.

CHESLA accounts for its financial position and operations through three primary funds, an agency operating fund and two bond funds, which reflect activity associated with bonds issued and student loans made in connection with two bond resolutions, a 1990 resolution and a 2003 resolution. The financial overview of CHESLA that follows in this MD&A represents the combined results and financial position for all three funds.

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Management's Discussion and Analysis (continued)
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CHESLA Statements of Net Position

The following is a summary of CHESLA's assets, liabilities and net assets at June 30, 2014, 2013 and 2012:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Assets:			
Current unrestricted assets:			
Cash and investments	\$ 1,156	\$ 1,230	\$ 1,094
Current portion of loans receivable, net	18,605	18,652	16,341
Interest receivable on loans	476	519	466
Board designated investments	1,000	1,000	1,600
Other	<u>151</u>	<u>165</u>	<u>149</u>
Total current unrestricted assets	21,388	21,566	19,650
Current restricted assets	<u>41,428</u>	<u>37,509</u>	<u>39,133</u>
Total current assets	62,816	59,075	58,783
Non-current assets:			
Restricted investments	23,163	22,036	19,540
Loans receivable, net of current portion	105,353	102,743	103,824
Bond issuance costs, net	<u>199</u>	<u>248</u>	<u>2,592</u>
Total noncurrent assets	<u>128,715</u>	<u>125,027</u>	<u>125,956</u>
Total assets	<u><u>\$ 191,531</u></u>	<u><u>\$ 184,102</u></u>	<u><u>\$ 184,739</u></u>
Liabilities:			
Current liabilities:			
Accounts payable and accrued expenses	\$ 241	\$ 36	\$ 102
Current portion of bonds payable	10,765	10,275	11,210
Accrued interest payable	822	761	866
Current portion of deferred revenue	<u>-</u>	<u>-</u>	<u>454</u>
Total current liabilities	11,828	11,072	12,632
Non-current liabilities	<u>164,086</u>	<u>158,225</u>	<u>157,806</u>
Total liabilities	175,914	169,297	170,438
Net position:			
Unrestricted	(48,974)	(44,740)	(44,372)
Restricted	<u>64,591</u>	<u>59,545</u>	<u>58,673</u>
Total net position	<u>15,617</u>	<u>14,805</u>	<u>14,301</u>
Total liabilities and net position	<u><u>\$ 191,531</u></u>	<u><u>\$ 184,102</u></u>	<u><u>\$ 184,739</u></u>

State of Connecticut Health and Educational Facilities Authority
Management's Discussion and Analysis (continued)
As of and for the Years Ended June 30, 2014 and 2013
(Amounts Expressed in Thousands)

The following is an overview of significant balance sheet items.

Assets

Current Unrestricted Assets - Current unrestricted assets consist primarily of the current portion of loans receivable, net of loan loss allowances. In FY 2014, current loans receivable decreased by 0.25% or \$47. In FY 2013, current loans receivable increased by approximately 14%, \$2,311, over FY 2012 levels. Cash and investments in the operating fund, the other significant component of current unrestricted assets (totaling \$2,156 in FY 2014, \$2,230 in FY 2013 and \$2,694 in FY 2012) decreased in FY 2014 by 3%, resulting in part from a \$300 contribution from the operating fund to the 2014 Series A bond financing.

Current Restricted Assets - Current restricted assets consist primarily of trustee held funds associated with the bond resolutions representing either dollars in the loan fund, revenue fund, and debt service fund.

Non-Current Assets - Noncurrent restricted investments primarily consist of assets held in the Special Capital Reserve Funds, which are the debt service reserve funds backed by the State of Connecticut associated with outstanding bonds. Dollar amounts have fluctuated as bonds have been redeemed or new bonds have been issued.

The largest component of non-current assets is loans receivable. Similar to FY 2013, (with \$25,000 of bonds issued), FY 2014 bonds of \$23,000 were issued on June 18, 2014 to fund loans, with most of the lending of those proceeds expected to occur after fiscal year end.

With the adoption of GASB 65, in FY 2013, unamortized bond issuance costs are only reflected to the extent that they relate to bond insurance premium costs, and these costs are now described as prepaid bond insurance premiums. For FY 2014, prepaid bond insurance premiums decreased by \$49, total non-current assets increased to \$128,715 from \$125,027 in FY 2013 and \$125,956 in FY 2012.

Liabilities

Current Liabilities - Current liabilities include the current portion of bonds payable (which is the largest component representing approximately 91% of total current liabilities in FY 2014), accrued interest payable and prior to FY 2013 also included the current portion of deferred revenue. Deferred revenue represented CHESLA's origination fee on loans. As a result of GASB 65 implementation in FY 2013, fees are recognized when received and there is no deferred revenue liability in FY 2014 or FY 2013. In FY 2012, the current portion of this liability represented 3.6% of total current liabilities.

Long Term Liabilities - Non-current or long term liabilities primarily represent bonds payable, net of the current portion. Fluctuations in bonds payable since FY 2012 reflect principal payments, redemptions and the additional bonds issued in FY 2013 and FY 2014. Prior to FY 2013, non-current liabilities also included deferred revenue, representing CHESLA's loan origination fees. As previously mentioned, this liability was eliminated with the implementation of GASB 65.

Net Position - Total net position for FY 2014 is \$15,617, an increase of \$812 over the total net position of \$14,805 for FY 2013 which reflected the net impact of operations and of GASB 65, with the elimination of unamortized bond issuance costs and deferred revenue affecting net position. The total net position for FY 2012 were restated from prior year audited statements to be consistent with the FY 2013 presentation of all bond resolution related funds as restricted.

State of Connecticut Health and Educational Facilities Authority
Management's Discussion and Analysis (continued)
As of and for the Years Ended June 2014, 2013 and 2012
(Amounts Expressed in Thousands)

Revenues and Expenses - The following is a summary of CHESLA's operating revenues, operating expenses and changes in net position for the years ended June 30, 2014, 2013 and 2012:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Operating revenues:			
Interest income - loans receivable	\$ 8,530	\$ 8,169	\$ 7,860
Investment income	<u>1,041</u>	<u>388</u>	<u>2,622</u>
Total operating revenues	9,571	8,557	10,482
Operating expenses:			
Interest expense	6,722	6,483	7,650
Loan service fees	706	532	493
Bond issuance and insurance costs	379	524	627
General and administrative expenses	453	472	519
Salaries and related expenses*	197	189	120
Provision for loan losses (benefit)	302	196	180
Arbitrage rebate and excess loan yield provision (benefit)	<u>-</u>	<u>35</u>	<u>(566)</u>
Total operating expenses	<u>8,759</u>	<u>8,431</u>	<u>9,023</u>
Change in net position	<u>\$ 812</u>	<u>\$ 126</u>	<u>\$ 1,459</u>

* The salary only expense for FY 2014 and FY 2013 was \$144 and \$140 (respectively). For FY 2012, salary related expenses were included as part of general and administrative expenses, with salary only reported on a separate line.

Revenues - Interest income on loans receivable is the largest component of operating revenues. Interest increased in FY 2014 by \$361 to \$8,530. Interest increased in FY 2013 by \$309 to \$8,169 from \$7,860 in FY 2012.

With regard to investment income, CHESLA had income from investments of \$1,041 in FY 2014, \$388 in FY 2013, an 85% reduction from investment income in FY 2012. In FY 2012, investment income increased by \$1.7 million. These fluctuations reflect unrealized gains and losses.

Expenses - Interest expense represents the largest component of operating expenses and increased by \$239 or 3.6% to \$6,722 in FY 2014. In FY 2013 interest expense decreased by approximately 15% from FY 2012 levels.

Loan service fees increased \$174 in FY 2014 compared to \$39 in FY 2013, reflecting an increase in the amount of loans established and serviced.

State of Connecticut Health and Educational Facilities Authority
Management's Discussion and Analysis (continued)
As of and for the Years Ended June 2014, 2013 and 2012
(Amounts Expressed in Thousands)

With the implementation of GASB 65, bond issuance costs now represent costs associated with the 2014 Series A, the 2013 Series A bonds and prepayment of insurance premium costs. Prior to FY 2013, bond issuance costs were amortized over the life of the bonds.

In FY 2012, prior to consolidation with CHEFA, \$216 was paid for management, accounting and general counsel services. As a result of the consolidation with CHEFA, certain functions which were previously outsourced (such as accounting services and general counsel services) were transitioned to being provided by CHEFA staff. During this period, there was some service overlap between outside providers and internal (i.e. CHEFA) providers in order to facilitate a smooth transition of services. In FY 2013, the previously existing management contract did not terminate until after the first quarter, incurring an additional expense of \$26. Outside vendors for accounting and legal services were also paid \$96 in FY 2013. In FY 2013, CHESLA was assessed a service charge by CHEFA and paid service fees to outside providers until outside services were terminated. The CHEFA service charge for FY 2013 was \$114, including a rent component of \$4. In FY 2014, CHESLA was assessed a service charge by CHEFA of \$155, including rent of \$12. All such amounts affect the operating fund only.

Salaries and related expenses in FY 2014 and FY 2013 includes salaries, payroll taxes, employee pension benefits, employer funded health benefit costs, and tuition reimbursements. In FY 2014, \$144 of the \$197 represents actual salary, compared to \$140 of the \$189 for FY 2013. In FY 2012, salary related costs (other than actual salary) are included as part of administrative and general expense.

The provision for loan losses is based on a weighted average factor of collections, net of write-offs, relative to loans issued and outstanding. This methodology has been in use throughout the three year period.

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY CONSOLIDATED FINANCIAL STATEMENTS

The audited statements that follow this management's discussion and analysis are consolidated and include both CHEFA and CHESLA.

CONTACTING THE AUTHORITY

This financial report is designed to provide a general overview of the Authority's finances, including CHESLA. If you have questions about this report or need additional financial information, contact the Connecticut Health and Educational Facilities Authority at 10 Columbus Boulevard, Hartford, Connecticut 06106-1978.

State of Connecticut Health and Educational Facilities Authority
Management's Discussion and Analysis (continued)
As of and for the Years Ended June 2014, 2013 and 2012
(Amounts Expressed in Thousands)

Construction Fund Balances As of June 30, 2012 - 2014* (Amounts Expressed in Thousands)

Exhibit A

Issue Name	Date of Bond Issue	Scheduled Completion Date	Construction Fund Balance		
			2014	2013	2012
Bridgeport Hospital D	05/31/12	05/12	\$ -	\$ 20	\$ 184
Day Kimball Hospital B	06/06/13	06/15	1,290	11,155	-
Hartford Health Care A	09/29/11	09/13	-	5,179	30,094
Hartford Health Care B	09/29/11	09/13	8,314	17,704	46,738
Hartford HealthCare Corporation A	03/26/14	03/16	16,991	-	-
Lawrence & Memorial Hospital F	09/15/11	09/13	-	-	4,879
Lawrence & Memorial Hospital H	11/05/13	11/15	218	-	-
Middlesex Hospital N	07/26/11	07/12	-	-	127
Norwalk Hospital G	12/09/10	12/12	-	-	2,301
Norwalk Hospital J	12/07/12	12/14	33,276	66,663	-
Saint Francis Hospital H	01/24/14	01/16	1,624	-	-
Stamford Hospital J	06/20/12	06/14	101,088	203,296	252,287
Waterbury Hospital D	12/22/10	12/12	-	-	1,361
Western CT Healthcare L	07/13/11	07/13	2,392	43,110	73,768
Western CT Healthcare M	07/13/11	07/13	1,046	19,508	34,019
Western CT Healthcare N	11/22/11	11/12	-	-	67
Yale New Haven Hospital M	12/22/10	12/12	-	-	30,971
Yale-New Haven Health Services Corporation A	06/23/14	06/16	441	-	-
Yale-New Haven Health Services Corporation B	06/23/14	06/16	724	-	-
Yale-New Haven Health Services Corporation C	06/23/14	06/16	341	-	-
Yale-New Haven Health Services Corporation D	06/23/14	06/16	355	-	-
Yale-New Haven Health Services Corporation E	06/23/14	06/16	90,362	-	-
Masonicare E	09/05/12	09/14	-	28	-
Pierce Memorial Baptist Home B	03/13/13	03/15	30	30	-
Connecticut College H-1	06/30/11	06/13	-	-	1,749
Connecticut College I	04/04/12	04/12	-	-	56
Connecticut State University System J	06/22/11	06/13	1,212	10,930	21,762
Connecticut State University System K	06/22/11	06/13	-	-	13
Connecticut State University System L	04/04/12	04/12	-	-	46
Connecticut State University System M	01/10/13	01/15	36,588	36,585	-
Connecticut State University System N	10/23/13	10/15	76,476	-	-
Fairfield University O	03/17/10	03/12	-	-	1,002
Sacred Heart University G	06/29/11	06/13	-	5,244	5,243
Sacred Heart University H	02/14/12	02/12	-	163	164
University of Bridgeport C	12/09/10	12/12	-	-	1,132
University of Bridgeport D	11/02/12	11/14	2,381	11,360	-
University of Hartford H	04/26/12	04/14	-	-	45
University of Hartford I	04/26/12	04/14	-	-	9
University of Saint Joseph C	11/01/13	11/15	52	-	-
University of Saint Joseph D	11/01/13	11/15	5,646	-	-
Yale University 2010 A	02/24/10	02/12	-	-	24,609
Avon Old Farms School C	11/01/13	11/15	38	-	-
Brunswick School C	03/29/12	03/12	-	-	29
Ethel Walker School C	04/03/13	04/15	3	5,834	-
Forman School B	03/28/13	03/15	231	2,895	-
Gunnery School B	09/28/12	09/14	-	43	-
Kent School F	03/28/13	03/15	786	6,847	-
Loomis Chaffee School H	08/23/11	08/12	-	-	6
Norwich Free Academy B	03/01/13	03/15	-	127	-
Pomfret School B-1	06/14/12	06/14	-	2	41
Pomfret School B-2	06/14/12	06/14	-	4	5,881
Rectory School B	01/05/12	01/14	634	1,189	1,833
South Kent School A	08/29/13	08/15	3,595	-	-
Stanwich School B	12/06/13	12/15	5	-	-
Suffield Academy C	11/20/13	11/15	2	-	-
Taft School I	11/07/12	11/14	2,442	4,329	-
Westminster School G	06/29/12	06/14	-	-	6,149
Winston Preparatory School A	04/13/12	04/14	-	2,908	5,922
Xavier High School A	02/14/14	02/16	4,363	-	-
Bushnell Memorial B	03/16/12	03/12	664	664	687
Greater Hartford YMCA C	04/27/12	04/14	-	-	2
UConn Foundation C	04/24/13	04/15	-	17,612	-
Village for Families & Children C	10/02/13	10/15	21	-	-
Saint Joseph's Living Center B	09/20/13	09/15	953	-	-
Easy Lease	Various	Various	13,145	34,349	18,225
CONSTRUCTION FUND TOTAL (1)			\$ 407,729	\$ 507,778	\$ 571,404

* Includes all cash and investment for Construction Fund, Cost of Issuance, Capitalized Interest, Equity Accounts and EasyLoans (EZ).

Independent Auditors' Report

To the Board of Directors of the
State of Connecticut Health and Educational Facilities Authority:

We have audited the accompanying basic consolidated financial statements of the State of Connecticut Health and Educational Facilities Authority (the Authority), a component unit of the State of Connecticut, which comprise the consolidated statements of net position as of June 30, 2014 and 2013, and the related consolidated statements of revenue, expenses and changes in net position and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Authority as of June 30, 2014 and 2013, and the changes in financial position and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.





Report on Consolidating Financial Statements

Our audit was conducted for the purpose of forming an opinion on the basic consolidated financial statements taken as a whole. The consolidating financial statements are presented for purposes of additional analysis in conjunction with the consolidated financial statements rather than to present the financial position and results of operations of the individual entities and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The consolidating financial statements have been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the consolidating financial statements are fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Other Matters

In accordance with *Government Auditing Standards*, we have also issued our report dated September 17, 2014 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis listed in the table of contents be presented to supplement the basic consolidated financial statements. Such information, although not a part of the basic consolidated financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic consolidated financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic consolidated financial statements, and other knowledge we obtained during our audit of the basic consolidated financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Saslow Lufkin & Buggy, LLP

Simsbury, Connecticut
September 17, 2014

State of Connecticut Health and Educational Facilities Authority
Consolidated Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2014 and 2013
(Amounts Expressed in Thousands)

	2014	2013
Assets		
Current assets:		
Unrestricted assets:		
Cash	\$ 384	\$ 277
Investments	1,133	1,180
Current portion of loans receivable, net of allowances for loan losses of \$2,357 and \$2,321	18,605	18,652
Accounts receivable, less allowance of \$86 and \$86	617	195
Interest receivable on investments	135	150
Interest receivable on loans receivable	476	519
Board-designated investments	12,617	11,638
Prepaid expenses and other assets	96	106
Total unrestricted assets	<u>34,063</u>	<u>32,717</u>
Restricted assets:		
Cash	-	57
Fund investments	449,158	545,230
Total restricted assets	<u>449,158</u>	<u>545,287</u>
Total current assets	<u>483,221</u>	<u>578,004</u>
Non-current assets:		
Restricted investments	30,251	29,203
Loans receivable, net of current portion	105,353	102,743
Prepaid bond insurance premiums	199	248
Capital assets, net	171	178
Total non-current assets	<u>135,974</u>	<u>132,372</u>
Total assets	<u><u>\$ 619,195</u></u>	<u><u>\$ 710,376</u></u>
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 3,231	\$ 1,709
Current portion of bonds payable	10,765	10,275
Accrued interest payable	822	761
Amounts held for institutions	407,730	507,778
Total current liabilities	<u>422,548</u>	<u>520,523</u>
Non-current liabilities:		
Bonds payable, net of current portion	164,086	158,225
Amount held on behalf of the State of Connecticut	2,182	2,182
Total non-current liabilities	<u>166,268</u>	<u>160,407</u>
Total liabilities	<u>588,816</u>	<u>680,930</u>
Net position:		
Invested in capital assets	171	178
Restricted	69,497	64,530
Unrestricted (Note 1)	(39,289)	(35,262)
Total net position	<u>30,379</u>	<u>29,446</u>
Total liabilities and net position	<u><u>\$ 619,195</u></u>	<u><u>\$ 710,376</u></u>

The accompanying notes are integral part of these consolidated financial statements.

State of Connecticut Health and Educational Facilities Authority
Consolidated Statements of Revenues, Expenses and Changes in Net Position
For the Years Ended June 30, 2014 and 2013
(Amounts Expressed in Thousands)

	<u>2014</u>	<u>2013</u>
Operating revenues:		
Interest income on loans receivable	\$ 8,530	\$ 8,169
Administrative fees	7,233	7,110
Investment income	1,050	402
Bond issuance fees	80	158
Other revenues	<u>35</u>	<u>131</u>
Total operating revenues	16,928	15,970
Operating expenses:		
Interest expense	6,722	6,483
Salaries and related expenses	3,045	3,033
General and administrative expenses	1,333	1,419
Loan service fees	706	532
Bond issuance costs	379	524
Provision for loan losses	302	196
Arbitrage rebate and excess loan yield expense	<u>-</u>	<u>35</u>
Total operating expenses	<u>12,487</u>	<u>12,222</u>
Total operating income	4,441	3,748
Non-operating expenses:		
Grant expense	<u>(3,508)</u>	<u>(2,267)</u>
Total non-operating expense	<u>(3,508)</u>	<u>(2,267)</u>
Increase in net position	<u>933</u>	<u>1,481</u>
Net position, beginning of year (See Note 1)	<u>29,446</u>	<u>27,965</u>
Net position, end of year	<u><u>\$ 30,379</u></u>	<u><u>\$ 29,446</u></u>

The accompanying notes are integral part of these consolidated financial statements.

State of Connecticut Health and Educational Facilities Authority
Consolidated Statements of Cash Flows
For the Years Ended June 30, 2014 and 2013
(Amounts Expressed in Thousands)

	2014	2013
Cash flows from operating activities:		
Cash received from loan payments	\$ 18,250	\$ 18,468
Cash received for administrative fees	6,810	7,311
Interest received on loans	7,960	7,274
Cash received from other operating income	105	272
Loans disbursed	(20,236)	(19,629)
Payments of bond interest	(6,884)	(6,591)
Cash paid to employees	(3,040)	(2,987)
Cash paid to grantees	(2,206)	(1,392)
Cash paid for other expenses	(1,693)	(1,811)
Net cash (used in) provided by operating activities	(934)	915
Cash flows from noncapital financing activities:		
Proceeds from bond sales, net	1,025,941	433,058
Proceeds from institutions	3,205	1,546
Bond issuance costs	(331)	(466)
Payments of bond principal	(17,455)	(23,405)
Construction expenses paid	(404,867)	(357,106)
Net transfers to restricted funds	(700,609)	(132,212)
Net cash used in noncapital financing activities	(94,116)	(78,585)
Cash flows from capital and related financing activities:		
Net purchases of capital assets	(69)	(105)
Net cash used in capital and related financing activities	(69)	(105)
Cash flows from investing activities:		
Cash from restricted investment earnings	1,085	1,175
Net proceeds from investments	94,055	76,504
Cash received from investment earnings	29	13
Net cash provided by investing activities	95,169	77,692
Net change in cash	50	(83)
Cash, beginning of year	334	417
Cash, end of year	\$ 384	\$ 334

The accompanying notes are integral part of these consolidated financial statements.

State of Connecticut Health and Educational Facilities Authority
Notes to the Consolidated Financial Statements
As of and for the Years Ended June 30, 2014 and 2013
(Amounts Expressed in Thousands)

Note 1 - Summary of Significant Accounting Policies

Reporting Entity - The Connecticut Health and Educational Facilities Authority (CHEFA) is a quasi-public agency of the State of Connecticut (the State). CHEFA was established pursuant to Chapter 187 of the General Statutes of Connecticut, Revision of 1958, as amended by Public Acts 93-102, 93-262 and 97-259 (the Act). CHEFA is constituted as a public instrumentality and political subdivision of the State whose board of directors is appointed by the Governor of the State of Connecticut. The purpose of CHEFA, as stated in the Act, is to assist certain health care institutions, institutions of higher education and qualified not-for-profit institutions in the financing and refinancing of projects to be undertaken in relation to the programs for these institutions. Debt issued by CHEFA is payable from the revenues of the institutions and is not an obligation of CHEFA or the State of Connecticut. Neither the State or CHEFA is obligated for such debt (except for loans or bonds issued under the Child Care Facilities Loan Program, as discussed in Note 6, and the Special Capital Reserve Fund Program. Under the Special Capital Reserve Fund Program, the State is obligated for replenishment of debt service reserve funds).

The Connecticut Higher Education Supplemental Loan Authority (CHESLA) is a quasi-public agency established in 1982 pursuant to Section 4 of the Connecticut Higher Education Supplemental Loan Authority Act, Public Act 82-313 of the Connecticut General Assembly. CHESLA was established to assist students, their parents and institutions of higher education in financing the cost of higher education through its bond funds. CHESLA maintains separate financial statement accounts for its agency operating fund and two separate bond funds. The administrative functions of CHESLA are accounted for in the agency operating fund. The 1990 Bond Fund is governed by the 1990 Revenue Bond Resolution, as amended, supplemented and restated, pursuant to which all outstanding bonds were issued prior to the 2003 and after 2007. The 2003 Bond Fund is governed by the 2003 Master Revenue Bond Resolution pursuant to which all outstanding bonds were issued between 2003 and 2007.

Consolidation - Public Act 12-149, effective July 1, 2012, statutorily consolidated CHESLA with CHEFA by making CHESLA a subsidiary of CHEFA. As a subsidiary of CHEFA, CHESLA retains its legal identity as a separate quasi-public authority, continues to be subject to suit and liability solely from its own assets, revenues and resources, and has no recourse to the general funds, revenues, resources or other assets of CHEFA or the State of Connecticut. The supplemental schedules on pages 36 through 41 show the combined financial statement balances of CHESLA's agency operating fund and bond funds as previously described as well as the overall CHEFA and CHESLA consolidated financial statement balances. All intracompany balances between the CHESLA agency operating fund and the bond funds have been eliminated. All intercompany balances between CHESLA and CHEFA have been eliminated. Throughout these consolidated financial statements, CHEFA and CHESLA are referred to as the Authority on a consolidated basis.

Unrestricted net position (deficit) - The unrestricted net position (deficit) of the Authority of (\$30,379) and (\$35,262), as of June 30, 2014 and 2013, respectively, relates solely to CHESLA and the fact that it has assets which are restricted by the bond resolutions. These restricted assets include the assets in the loan fund, which will be used to make loans to students. Once the loans are made, they are recorded as unrestricted assets within loans receivable on the statement of net position. Other restricted assets pursuant to the bond resolutions are assets in the revenue fund, debt service fund and the special capital reserve fund. To the extent some of those are used for debt service, they reduce the outstanding bonds payable on the statement of net position. When used to either make loans or pay debt service, such application would increase the unrestricted net position. The magnitude of the unrestricted net deficit position is the result of timing and the amount of restricted assets as of the statement of net position date.

Measurement focus and basis of accounting - The accompanying basic consolidated financial statements of the Authority have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP). GAAP applicable to state and local governmental entities is promulgated by the Governmental Accounting Standards Board (GASB).

State of Connecticut Health and Educational Facilities Authority
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Note 1 - Summary of Significant Accounting Policies (continued)

The Funds of the Authority are proprietary fund types. Proprietary funds are used to account for governmental activities that are similar to those found in the private sector where the determination of net income is necessary or useful to sound financial administration.

GAAP used for proprietary funds are similar to those applicable to businesses in the private sector. They are reported using the economic resources of measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recognized when the liability is incurred, regardless of the timing of related cash flows. Proprietary funds are accounted for on a cost of services or “capital maintenance” measurement focus. This means that all assets and all liabilities (whether current or non-current) associated with the funds’ activity are included on the funds’ statement of net position.

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and delivering goods in connection with a proprietary fund’s principal ongoing operations. The principal operating revenues of the proprietary funds are charges to customers for services. Operating expenses for proprietary funds include the cost of providing services to customers. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

Recently adopted accounting standards - In 2013, the Authority has adopted GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities* (GASB No. 65). This standard established accounting and financial reporting standards that reclassify, as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities and recognized, as outflows of resources or inflows of resources, certain items that were previously reported as assets and liabilities. The provisions of this standard that affect the Authority most significantly relate to debt issuance costs and loan origination fees. Debt issuance costs, except any portion related to prepaid insurance costs, is recognized as an expense in the period incurred. In addition, loan origination fees, except any portion related to points, is recognized as revenue in the period received. The adoption of this standard required the restatement of CHESLA’s July 1, 2012 net position by \$378, to remove the beginning balances of unamortized bond issuance costs (other than insurance) and also to remove deferred revenue related to loan origination fees.

Reclassifications - Certain 2013 amounts have been reclassified to conform with the 2014 consolidated financial statement presentation. Such reclassifications did not have a material effect on the consolidated financial statements.

Cash and cash equivalents - Cash and cash equivalents include all highly liquid investments purchased with an original maturity of three months or less. The Authority’s investments in money market funds and the State Treasurer’s Short Term Investment Fund are excluded from cash equivalents because they are considered an investment. The Authority had no cash equivalents at June 30, 2014 and 2013.

Investments - In accordance with GASB Statement No. 31, *Accounting and Financial Reporting for Certain Investments and for External Investment Pools*, the Authority presents all investments at fair value, except for non-participating investment contracts, which are recorded at cost. The fair value of investments traded on public markets is determined using quoted market prices. The Authority invests in the State Treasurer’s Short-Term Investment Fund, which is an investment pool managed by the State Treasurer’s Office. The fair value of the Authority’s position in the pool is the same as the value of the pool shares. The Authority also classifies its investments in money market funds as investments.

Restricted assets - Restricted assets are maintained under trust agreements in separate funds for each debt issue in accordance with the requirements of the underlying bond issue documents.

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Note 1 - Summary of Significant Accounting Policies (continued)

CHEFA's restricted assets include assets held in construction and project funds for which CHEFA has fiduciary responsibility. Construction and project funds reflect the receipt of bond proceeds, costs of issuance and disbursement of monies for the payment of construction or renovation projects and equipment for the institutions.

CHESLA's restricted assets include assets held by the individual bond funds as governed by the bond resolutions as previously described. Under the provisions of the bond resolutions, certain assets are restricted for the repayment of bond principal and interest and for the issuance of student loans. Under the bond funds, CHESLA issues revenue bonds, the proceeds of which are used to provide loans for student borrowers to assist in the financing of their higher education. Revenue in the bond funds is derived from interest earned on investments and loans receivable. The 2003 Bond Fund is governed by the 2003 Master Revenue Bond Resolution, pursuant to which the 2003 and 2005 Series A and B and 2006 and 2007 Series A bonds were issued. The 1990 Bond Fund is governed by the 1990 Revenue Bond Resolution pursuant to which all outstanding bonds were issued prior to the 2003 Series A and B bonds as well as the 2009, 2010, 2012, 2013 and 2014 Series A bonds. In accordance with the bond resolutions, CHESLA internally accounts for each bond issue separately, which includes individual funds as defined by each bond resolution, including but not limited to combinations of some of the following: the Loan Fund, Revenue Fund, Debt Service Fund and Special Capital Reserve Fund.

Other significant accounting policies related to restricted assets are as follows:

- CHEFA's interest earned on restricted assets is not reflected in the statements of revenues, expenses, and changes in net position, as such income accrues to the benefit of the institutions.
- Restricted fund investments in money market funds are classified as investments.
- Restricted fund investments in guaranteed investment contracts are valued at cost and all other fund investments are valued at market. Generally, market value is not significantly different from cost.
- CHEFA's restricted investments classified as non-current include funds held by CHEFA under its agency relationship with the State Department of Education (SDE), described in Note 6, and investments held in connection with the Connecticut Credit Union Student Loan Guarantee program.
- CHESLA's restricted investments classified as current include the fund investments held by CHESLA pursuant to the bond resolutions in the individual Loan Fund, Revenue Fund and Debt Service Funds.
- CHESLA's restricted investments classified as non-current include funds held by CHESLA pursuant to the bond resolutions in individual Special Capital Reserve Funds (Note 9).

Non-operating activities - Activities not related to CHEFA's primary purpose are considered non-operating. Non-operating activities consist primarily of expenses related to CHEFA's grant program. All of CHESLA's revenues and expenses are considered operating.

Amounts held for institutions - Amounts held for institutions represent amounts payable to institutions, bondholders and others from CHEFA's restricted assets.

Amounts held on behalf of the State of Connecticut - Amounts held on behalf of the State of Connecticut represent funds transferred to CHEFA under its agency relationship with SDE related to the childcare program pursuant to Public Act 97-259 (See Note 6 for further discussion).

State of Connecticut Health and Educational Facilities Authority
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Note 1 - Summary of Significant Accounting Policies (continued)

Capital assets - Capital assets, which include property, plant and equipment, are stated at cost. CHEFA defines capital assets as assets with an initial cost exceeding five-hundred dollars. Depreciation and amortization are computed on a straight line basis over estimated service lives generally ranging from three to five years. Maintenance and repairs that do not add to the value of the asset or materially extend their lives are charged to expense as incurred, while significant renewals and betterments are capitalized.

Net position - The accompanying statements of net position present the Authority's fiduciary and non-fiduciary assets and liabilities, with the difference reported as net position. Net position is reported in three categories:

- Invested in capital assets - This category consists of capital assets, net of accumulated depreciation and reduced by outstanding balances for bonds, notes and other debt that are attributed to the acquisition, construction or improvement of those assets.
- Restricted net position - This category consists of the net position whose use is restricted either through external restrictions imposed by creditors, grantors, contributors, or through restrictions imposed by law through constitutional provisions or enabling legislation.
- Unrestricted net position - This category consists of the net position, which do not meet the definition of the two preceding categories.

Administrative fees - CHEFA is self-supporting and charges an administrative fee to institutions with outstanding bond issues to cover its operating expenses. All issues, other than those under the Special Capital Reserve Fund Program for long term care facilities, are charged an annual fee of nine basis points, billed semi-annually, in arrears, on the outstanding par amount of the bonds. Long-term care bonds issued under the Special Capital Reserve Fund Program are charged an annual fee of fourteen basis points, billed semi-annually, in arrears, on the outstanding par amount of the bonds. In addition, CHEFA charges a bond issuance fee of five thousand dollars for each bond issue.

CHESLA also is self-supporting and charges an administrative fee on outstanding loan balances to cover its operating expenses. The fees are assessed to the bond resolution funds and vary in accordance with the related bonds series and range from 30 to 100 basis points.

Loans receivable and allowance for loan losses - For CHESLA, interest on loans receivable is accrued and credited to operations based upon the principal amount outstanding. Loans are placed on nonaccrual status when management believes principal or interest on such loans may not be collected in the normal course of business. The allowance for loan losses has been provided through charges against operations based on management's evaluation of the loan portfolio and maintained at a level believed adequate to absorb potential losses in the loan portfolio. Loans are typically written off against the allowance for loan losses (net of loan recoveries) in the period in which the loans become nonperforming and no payments have been made for 12 consecutive months. However, a loan may be written off at any time management believes the repayment of such loan is doubtful. Collections of loans previously written off are pursued until management believes that further recoveries are doubtful.

Prepaid bond insurance premium - Bond insurance premiums are amortized on a straight-line basis over the term of the related bonds. All other bond issuance costs are expensed as incurred pursuant to the provisions of GASB No. 65 as previously mentioned. Prior to the adoption of GASB No. 65, all bond issuance costs were amortized over the term of the related bonds.

State of Connecticut Health and Educational Facilities Authority
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Note 1 - Summary of Significant Accounting Policies (continued)

Arbitrage rebate and excess loan yield liability - Under the Internal Revenue Code of 1986 (the Code), CHESLA is required to rebate to the federal government certain excess earnings on investments from funds obtained with its tax-exempt bonds, as defined by the Code or reduce its excess loan yield on student loans financed with tax-exempt bonds. CHESLA calculates this liability annually.

Loan reserve fee revenue - CHESLA charges a 3% reserve fee on loans governed by the 2003 Master Revenue Bond Resolution and a 2% to 4% reserve fee on loans governed by the 1990 Revenue Bond Resolution, depending on the originating series. This fee is recognized as an origination fee to the loans and in accordance with GASB No. 65, as previously mentioned, is recognized upon issuance of the related loan. Prior to adoption of GASB No. 65, the fee was deferred and recognized over the life of the loan on a straight-line basis.

Interest income on loans - Interest income on loans is recognized based on the rates applied to principal amounts outstanding. The accrual of interest income is generally discontinued when a loan is classified as nonperforming (see Note 3). Loans are currently considered nonperforming by management when the borrower has not made payments for the most recent three months.

Use of estimates - The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts and disclosures in the consolidated financial statements. Actual results could differ from those estimates. A material estimate that is particularly susceptible to significant change relates to the determination of the allowance for loan losses. In determining the allowance for loan losses, management uses historical loss experience to make predictions about future losses. As the loan portfolio matures, CHESLA adjusts its estimate of expected default rates used to estimate loan losses.

Subsequent event measurement date - The Authority monitored and evaluated any subsequent events for footnote disclosures or adjustments required in its consolidated financial statements for the years ended June 30, 2014 and 2013 through September 17, 2014, the date on which the consolidated financial statements were available to be issued. Management believes there are no subsequent events having an impact on the consolidated financial statements except as described in Note 15.

Note 2 - Cash Deposits and Investments

Cash deposits - custodial credit risk - Custodial credit risk is the risk that, in the event of a bank failure, the Authority will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. CHEFA does not have a deposit policy for custodial credit risk.

As of June 30, 2014 and 2013, \$111 and \$34, respectively of the Authority's bank balances were exposed to custodial credit risk.

All of the Authority's deposits were in qualified public institutions as defined by State statute. Under this statute, any bank holding public deposits must at all times maintain, segregated from its other assets, eligible collateral in an amount equal to a certain percentage of its public deposits. The applicable percentage is determined based on the bank's risk-based capital ratio. The amount of public deposits is determined based on either the public deposits reported on the most recent quarterly call report, or the average of the public deposits reported on the four most recent quarterly call reports, whichever is greater. The collateral is kept in the custody of the trust department of either the pledging bank or another bank in the name of the pledging bank.

As of June 30, 2014, all of the Authority's cash deposits were unrestricted. As of June 30, 2013, \$57 of the Authority's \$334 of cash deposits was restricted.

State of Connecticut Health and Educational Facilities Authority
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Note 2 - Cash Deposits and Investments (continued)

Investments - As of June 30, 2014, the Authority's investments consisted of the following:

Investment type	Fair Value	Investment Maturities		
		Less than 1 year	1 to 10 years	More than 10 years
Money market funds	\$ 417,829	\$ 417,829	\$ -	\$ -
Short-term Investment Fund (STIF)	52,047	52,047	-	-
Guaranteed Investment Contracts (GIC):				
IXIS Funding Corp	1,490	-	1,490	-
GE Capital Corp	2,200	-	2,200	-
Rabobank International	1,553	-	1,553	-
MBIA, Inc.	3,000	-	3,000	-
FSA Capital Management Services	5,300	-	2,500	2,800
FGIC Investment Agreement	512	-	512	-
Salomon Smith (Citigroup)	600	-	600	-
U.S. treasuries	8,628	1,503	-	7,125
Total	<u>\$ 493,159</u>	<u>\$ 471,379</u>	<u>\$ 11,855</u>	<u>\$ 9,925</u>

As of June 30, 2013, the Authority's investments consisted of the following:

Investment type	Fair Value	Investment Maturities		
		Less than 1 year	1 to 10 years	More than 10 years
Money market funds	\$ 513,824	\$ 513,824	\$ -	\$ -
Short-term Investment Fund (STIF)	48,777	48,777	-	-
Guaranteed Investment Contracts (GIC):				
IXIS Funding Corp	1,459	-	1,459	-
GE Capital Corp	2,200	-	2,200	-
Rabobank International	1,611	-	1,611	-
MBIA, Inc.	3,000	-	3,000	-
FSA Capital Management Services	5,300	-	2,500	2,800
FGIC Investment Agreement	512	-	512	-
Salomon Smith (Citigroup)	600	-	600	-
U.S. treasuries	9,968	2,849	-	7,119
Total	<u>\$ 587,251</u>	<u>\$ 565,450</u>	<u>\$ 11,882</u>	<u>\$ 9,919</u>

Because the STIF and money market funds have weighted average maturities of 60 days and 90 days, respectively, they are presented as investments with maturities of less than one year.

State of Connecticut Health and Educational Facilities Authority
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Note 2 - Cash Deposits and Investments (continued)

Interest rate risk - CHEFA and CHESLA invest unrestricted funds in the Connecticut State Treasurer's Short Term Investment Fund (STIF), which has historically maintained its net asset values such that the principal of the investments is not eroded by interest rate fluctuations. In addition, CHEFA invests some of its unrestricted funds in money market funds. CHEFA's investment policy provides that the investment portfolio for its unrestricted investments be designed with the objective of regularly exceeding the average return of ninety day U.S. Treasury Bills. The investment policy as it relates to restricted investments provides that all restricted accounts be invested in strict accordance with the bond issue trust indentures and with applicable Connecticut State law. Whenever possible, restricted investments are to be held to maturity and invested in an appropriate manner so as to ensure the availability for specified payment dates, planned construction draws and other intended purposes as set forth in the relevant trust indentures and agreements, and to ensure a rate of return at least equal to the restricted bond yield, all with minimal risk to capital. CHESLA's specific investment policy complies with the underlying bond resolution requirements.

Credit risk - CHEFA has an investment policy that would further limit its investment choices beyond those limited by Connecticut State statutes for both unrestricted and restricted investments.

Investments that may be purchased with the written approval of an officer, provided the instrument has a maturity date of 365 days or less from the date of purchase, are as follows: obligations issued or guaranteed by the U.S. Government, including the Federal Deposit Insurance Corporation (FDIC); qualified money market funds or institutional money market funds investing in short-term securities as permitted by enabling legislation; the STIF provided it maintains a "AAA" rating by Standard and Poor's; and qualified repurchase agreements secured by obligations issued or guaranteed by the U.S. Government. With approval by the Audit-Finance Committee or Board of Directors, the following unrestricted investments are also permissible: any otherwise permitted investment with a maturity greater than 365 days from purchase; obligations issued or guaranteed by the State of Connecticut, including the State's medium term or long term investment fund; other debt obligations which are statutorily permissible; and qualified guaranteed investment contracts complying with Connecticut General State Statutes 10a-180(s), Authority guidelines and applicable trust indentures.

Pursuant to the General Statutes of the State of Connecticut, CHEFA may only invest funds in the following: obligations issued or guaranteed by the United States of America or the State of Connecticut and in other obligations, which are legal investments for savings banks in the State; investment agreements with financial institutions whose short-term obligations are rated within the top two rating categories of any nationally recognized rating service or of any rating service recognized by the State Commissioner of Banking; investment agreements fully secured by obligations of, or guaranteed by, the United States or agencies or instrumentalities of the United States or in securities or obligations which are legal investments for savings banks in this State, subject to repurchase agreements in the manner in which such agreements are negotiated in sales of securities in the marketplace, provided that CHEFA shall not enter into any such agreement with any securities dealer or bank acting as a securities dealer unless such dealer or bank is included in the list of primary dealers, effective at the time of such agreement, as prepared by the Federal Reserve Bank of New York.

Custodial credit risk - For an investment, custodial credit risk is the risk that, in the event of the failure of counterparty, the Authority will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The Authority does not have a policy for custodial credit risk as the applicable deposit and investment policies comply with the underlying relevant trust indentures, agreements, and bond resolutions. The Authority was not subject to custodial risk because it did not have any uninsured and unregistered securities held by the counterparty or by its trust department or agent that were not in the Authority's name.

State of Connecticut Health and Educational Facilities Authority
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Note 2 - Cash Deposits and Investments (continued)

Concentrations of credit risk - For unrestricted investments, CHEFA places limits on the amount of investment in any one issuer. No issuer other than the United States Treasury or the Connecticut State Treasurer's Short-Term Investment Fund shall constitute greater than 5% of unrestricted investments, except for qualified money market or mutual bond funds, none of which shall constitute greater than 50% of general fund investments. CHEFA's investment portfolio as of June 30, 2014 and 2013 was in compliance with this policy. CHEFA places no limit on the amount of investment in any one issuer for restricted investments.

Note 3 - Loans Receivable

CHESLA makes loans to students from the proceeds of bonds issued by CHESLA. Loans receivable by outstanding bond series, as of June 30, 2014, are as follows:

Bond Series	Number of Loans at June 30, 2014	Balance at June 30, 2014	Interest Rate %
2003A&B*	1,097	\$ 5,716	4.99 and 9.20
2005A&B**	1,188	10,577	5.5, 8.25 and 8.40
2006A***	1,244	11,592	0 and 6.15
2007A	1,850	20,222	6.99
2009A	1,443	17,662	6.80
2010A****	2,274	32,770	5.95, 7.25 and 7.5
2012A*****	1,374	4,837	2.00 to 7.50
2013A	1,224	20,071	5.99
	11,694	\$ 123,447	
Add: nonperforming loans		2,868	
Less: allowance for loan losses		(2,357)	
Total		<u>\$ 123,958</u>	

* Includes loans issued under the 1991 Series A bonds that were refunded by the 2003 Series B bonds.

** Includes loans issued under 1993 and 1994 Series A bonds that were refunded by the 2005 Series B bonds.

*** Includes loans issued under the 1996 Series A bonds that were refunded by the 2006 Series A bonds.

**** Includes loans issued under 1999 and 2000 series B bonds that were refunded by the 2010 Series A bonds.

***** Includes loans issued under 1999, 2000, and 2001 Series A bonds and 1998 Series A and B bonds that were refunded by the 2012 Series A bonds.

State of Connecticut Health and Educational Facilities Authority
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Note 3 - Loans Receivable (continued)

Loans receivable by outstanding bond series, as of June 30, 2013, are as follows:

Bond Series	Number of Loans at June 30, 2013	Balance at June 30, 2013	Interest Rate %
2003A&B*	1,202	\$ 7,450	4.99 and 9.20
2005A&B**	1,290	12,880	5.5, 8.25 and 8.40
2006A***	1,311	14,121	0 and 6.15
2007A	1,918	23,749	6.99
2009A	1,543	19,891	6.80
2010A****	2,449	35,428	5.95, 7.25 and 7.5
2012A*****	1,803	7,426	2.00 to 7.50
2013A	29	248	5.99
	11,545	\$ 121,193	
Add: nonperforming loans		2,523	
Less: allowance for loan losses		(2,321)	
Total		<u>\$ 121,395</u>	

* Includes loans issued under the 1991 Series A bonds that were refunded by the 2003 Series B bonds.

** Includes loans issued under 1993 and 1994 Series A bonds that were refunded by the 2005 Series B bonds.

*** Includes loans issued under the 1996 Series A bonds that were refunded by the 2006 Series A bonds.

**** Includes loans issued under 1999 and 2000 series B bonds that were refunded by the 2010 Series A bonds.

***** Includes loans issued under 1999, 2000, and 2001 Series A bonds and 1998 Series A and B bonds that were refunded by the 2012 Series A bonds.

CHESLA currently defines nonperforming loans as defaulted loans in collections but not written off. Write-off occurs if no payment has been received by the collection agency in 12 months.

CHESLA has a policy to write off uncollectible loans against the allowance for loan losses when certain criteria are met (see Note 1). In connection with this policy, CHESLA wrote off loans receivable of \$384 and \$422 for the years ended June 30, 2014 and 2013, respectively, which had previously been provided for through the allowance for loan losses. CHESLA recovered \$123 and \$119 in fiscal years 2014 and 2013, respectively, in loans receivable and other credits that were written off in previous years.

State of Connecticut Health and Educational Facilities Authority
Notes to the Consolidated Financial Statements
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Note 4 - Capital Assets

Capital asset activity for the years ended June 30, 2014 and 2013, are as follows:

2014	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Leasehold improvements	\$ 152	\$ 2	\$ -	\$ 154
Computer equipment	623	15	-	638
Furniture and fixtures	276	6	-	282
Office equipment	476	46	-	522
Total capital assets	1,527	69	-	1,596
Less accumulated depreciation and amortization for:				
Leasehold improvements	(148)	(1)	-	(149)
Computer equipment	(616)	(15)	-	(631)
Furniture and fixtures	(252)	(13)	-	(265)
Office equipment	(333)	(47)	-	(380)
	(1,349)	(76)	-	(1,425)
Total	\$ 178	\$ (7)	\$ -	\$ 171
2013	Beginning Balances	Increases	Decreases	Ending Balances
Capital assets being depreciated:				
Leasehold improvements	\$ 147	\$ 5	\$ -	\$ 152
Computer equipment	601	22	-	623
Furniture and fixtures	255	21	-	276
Office equipment	419	57	-	476
Total capital assets	1,422	105	-	1,527
Less accumulated depreciation and amortization for:				
Leasehold improvements	(146)	(2)	-	(148)
Computer equipment	(601)	(15)	-	(616)
Furniture and fixtures	(235)	(17)	-	(252)
Office equipment	(282)	(51)	-	(333)
	(1,264)	(85)	-	(1,349)
Total	\$ 158	\$ 20	\$ -	\$ 178

State of Connecticut Health and Educational Facilities Authority
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Note 5 - Bonds Payable

The following is a summary of changes in CHESLA's bonds payable for the year ended June 30, 2014:

	<u>Balance at July 1, 2013</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2014</u>	<u>Due Within One Year</u>
Bonds payable - principal	\$ 167,660	\$ 23,000	\$ (17,455)	\$ 173,205	\$ 10,765
Discount	(551)	-	68	(483)	-
Premium	1,391	818	(80)	2,129	-
Total	<u>\$ 168,500</u>	<u>\$ 23,818</u>	<u>\$ (17,467)</u>	<u>\$ 174,851</u>	<u>\$ 10,765</u>

The following is a summary of changes in CHESLA's bonds payable for the year ended June 30, 2013:

	<u>Balance at July 1, 2012</u>	<u>Increases</u>	<u>Decreases</u>	<u>Balance at June 30, 2013</u>	<u>Due Within One Year</u>
Bonds payable - principal	\$ 166,065	\$ 25,000	\$ (23,405)	\$ 167,660	\$ 10,275
Discount	(620)	-	69	(551)	-
Premium	1,361	104	(74)	1,391	-
Total	<u>\$ 166,806</u>	<u>\$ 25,104</u>	<u>\$ (23,410)</u>	<u>\$ 168,500</u>	<u>\$ 10,275</u>

The bonds of CHESLA bear interest at rates varying between 1.7% and 7%. Future amounts needed to pay principal and interest on bonds outstanding at June 30, 2014 is as follows:

<u>Year Ending June 30</u>	<u>Principal</u>	<u>Interest</u>
2015	\$ 10,765	\$ 6,828
2016	12,050	6,504
2017	12,820	6,025
2018	13,105	5,492
2019	12,875	4,944
2019-2023	59,270	16,732
2024-2028	37,580	6,424
2029-2033	12,700	1,300
2034-2035	2,040	85
Total	<u>\$ 173,205</u>	<u>\$ 54,334</u>

State of Connecticut Health and Educational Facilities Authority
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Note 5 - Bonds Payable (continued)

Outstanding principal of each bond issue as of June 30, 2014 and 2013, are as follows:

	<u>Original Amount</u>	<u>Outstanding June 30, 2014</u>	<u>Outstanding June 30, 2013</u>
2003 Series A, 1.7%-4.5%, due serially from November 15, 2004 to November 15, 2020	\$ 18,000	\$ 5,135	\$ 6,810
2003 Series B, 2%-5%, due serially from November 15, 2004 to November 15, 2017	12,915	4,270	4,270
2005 Series A, 2.5%-4.375%, due serially from November 15, 2005 to November 15, 2021	31,455	11,515	13,825
2006 Series A, 3.9%-4.8%, due serially from November 15, 2007 to November 15, 2022	33,270	12,200	14,985
2007 Series A, 4.125%-1.875%, due serially from November 15, 2010 to November 15, 2024	41,000	24,620	28,020
2009 Series A 1.9%-5.05%, due serially from November 15, 2011 to November 15, 2027	30,000	21,580	23,645
2010 Series A 2.0%-5.25%, due serially from November 15, 2014 to November 15, 2035	45,000	38,920	40,965
2012 Series A .4%-3.125%, due serially from November 15, 2012 to November 15, 2021	13,085	6,965	10,140
2013 Series A 2%-4%, due serially from November 15, 2014 to November 15, 2029	25,000	25,000	25,000
2014 Series A 3%-5%, due serially from November 15, 2015 to November 15, 2030	23,000	23,000	-
Total	<u>\$ 272,725</u>	<u>\$ 173,205</u>	<u>\$ 167,660</u>

Each Series A bond is subject to a special mandatory redemption in whole or in part from excess loan payments. During the years ended June 30, 2014 and 2013, CHESLA redeemed bonds in the following amounts:

	<u>2014</u>	<u>2013</u>
2003 Series A	\$ 170	\$ 600
2005 Series A	665	500
2006 Series A	1,285	800
2007 Series A	1,365	1,100
2009 Series A	885	300
2010 Series A	2,045	3,000
2012 Series A	765	500
Total	<u>\$ 7,180</u>	<u>\$ 6,800</u>

As of June 30, 2014 and 2013, CHEFA had total outstanding principal balances of special obligation bonds of \$8,141,328 and \$8,030,153 respectively. The bonds are issued on behalf of institutions to finance the construction of various health and educational facilities. These bonds are conduit debt obligations of CHEFA and do not constitute obligations of CHEFA and therefore not reported within the statements of net position.

State of Connecticut Health and Educational Facilities Authority
Notes to the Consolidated Financial Statements
As of and for the Years Ended June 30, 2014 and 2013
(Amounts Expressed in Thousands)

Note 5 - Bonds Payable (continued)

CHEFA issued general obligation bonds through July 1979 for which CHEFA was responsible for the payment of principal and interest when due. Subsequent to July 1, 1979, CHEFA has issued only special obligation bonds for which principal and interest is payable solely from the revenues of the institutions. As of June 30, 2014 and 2013, there were no general obligation bonds outstanding.

Note 6 - Child Care Facilities Loan Programs

CHEFA has entered into a partnership with the State of Connecticut Department of Education, the Office of the State Treasurer, and banking institutions to provide child care providers with access to financing under three loan programs: the Tax-Exempt Pooled Bond Issue Program, the Guaranteed Loan Fund Program and the Small Revolving Direct Loan Program.

Tax-Exempt Child Care Facilities Program - From April 1998 to June 2011, CHEFA issued \$78,430 in revenue bonds under the Tax-Exempt Pooled Bond Issue Program. The program was established to provide low interest loans to eligible child care providers for the new construction or renovation of child care centers. In August 2011, CHEFA issued \$28,840 of State Supported Child Care Revenue Bonds, Series 2011 that refinanced all but two series (Child Care Facilities Program Series F and G) of the previously issued bonds.

As of June 30, 2014 and 2013, there was approximately \$59,185 and \$61,155, respectively, in loan balances outstanding under this program. The State of Connecticut is responsible for paying a portion of the debt service on the Child Care Facilities Program Series F and G bonds and all of the debt service on the State Supported Child Care Revenue Bonds, subject to available appropriations and pursuant to a Memorandum of Understanding.

Guaranteed Loan Fund Program - The purpose of the Guaranteed Loan Fund Program is to guarantee loans for the expansion or development of child care and child development centers in the State. CHEFA is responsible for guaranteeing 20% to 50% of each loan outstanding. As of June 30, 2014 and 2013, outstanding loan balances totaled \$7,937 and \$8,445, respectively. As of June 30, 2014, on average, CHEFA is guaranteeing 38% of those balances, or approximately \$3,018.

In 1998, CHEFA designated \$4,500 of its net position to be used for loan guarantees and debt service funding under this program, if providers default on their loans. As of June 30, 2008, the net position designation was reduced to \$4,320, a decrease of \$180, which was due to a payment on a defaulted loan.

In 1998, the Connecticut Department of Social Services (DSS) transferred \$1,500 to CHEFA to further support this program, with those funds serving as an additional reserve.

In June 1999, CHEFA's Board of Directors approved an amendment to the Guaranteed Loan Fund to subsidize 3% of the interest rate on future loans issue in conjunction with this program. Loans issued under this program are approved, granted and administered by participating financial institutions.

Small Revolving Direct Loan Program - This program provides for loans or loan guarantees from the State of Connecticut to child care providers. In 1999, DSS transferred \$750 to CHEFA to support the Small Direct Loan Program. The funds transferred to CHEFA represent funds available to provide loan guarantees. As of June 30, 2014 and 2013, the balance of those funds remaining was \$682, reflecting drawdowns for prior year loan defaults. CHEFA is under no obligation to provide additional funds for loan guarantees.

State of Connecticut Health and Educational Facilities Authority
Notes to the Consolidated Financial Statements
As of and for the Years Ended June 30, 2014 and 2013
(Amounts Expressed in Thousands)

Note 6 - Child Care Facilities Loan Programs (continued)

The DSS contributions to the Guaranteed Loan Fund Program and the Small Direct Loan Program, net of payouts and accrued expense, along with CHEFA's \$4,320 to support the Guaranteed Loan Fund Program, are recorded within Restricted Investments.

Note 7 - Student Loan Programs Mandated by State Statute

Pursuant to Public Act 09-110, which established the Connecticut Credit Union Student Loan Program, CHEFA was required to fund a first loss loan guarantee of 20% on the outstanding balance on each loan. The guarantee reserve at June 30, 2014 and 2013 was \$586 and \$665, respectively, and is sufficient to meet the loan loss reserve requirement. This amount is included within restricted investments.

Note 8 - Net Position

A portion of the unrestricted net position has been designated by CHEFA's Board of Directors for operations and the remainder for programs that are part of CHEFA's mission and purpose, as well as for contingencies. In addition, as described in Note 6, CHEFA designated \$4,320 of its net position for the Guaranteed Loan Fund Program for child care facilities pursuant to Public Act 97-259. The \$4,320, along with the \$586 set aside for the Connecticut Credit Union Student Loan Program for fiscal year 2014 are reflected within restricted net position.

CHESLA's Board of Directors designated unrestricted net assets of \$1,000 as of June 30, 2014 and 2013, to be used to maintain future operations required to monitor and administer the loan portfolio in the event CHESLA ceases to issue new loans. CHESLA's restricted net assets consist of \$41,428 and \$37,509 of bond fund investments for debt service and issuance of student loans as of June 30, 2014 and 2013 as well as \$23,163 and \$22,036, required by the bond indentures to be maintained in the Special Capital Reserve Funds as of June 30, 2014 and 2013.

A summary of the net position as of June 30, 2014 and 2013, is as follows:

	<u>2014</u>	<u>2013</u>
Invested in capital assets	\$ 171	\$ 178
Restricted:		
Special capital reserve funds	23,163	22,036
Bond fund investments	41,428	37,509
Child care facilities loan program	4,320	4,320
Student loan guarantee program	586	665
Total restricted	<u>69,497</u>	<u>64,530</u>
Unrestricted:		
Focused investment program	992	1,025
Legal fee contingencies	1,509	1,500
Operations and contingency	7,184	6,953
CHESLA unrestricted deficit	<u>(48,974)</u>	<u>(44,740)</u>
Total unrestricted	<u>(39,289)</u>	<u>(35,262)</u>
Total	<u>\$ 30,379</u>	<u>\$ 29,446</u>

State of Connecticut Health and Educational Facilities Authority
Notes to the Consolidated Financial Statements
As of and for the Years Ended June 30, 2014 and 2013
(Amounts Expressed in Thousands)

Note 9 - State of Connecticut Deposit Requirement

Deficiencies, if any, in the Debt Service Fund balances within the CHESLA Bond Funds will be funded from the amount on deposit in the applicable Special Capital Reserve Fund. Both the Debt Service Fund and the Special Capital Reserve Fund are components of restricted investments. In accordance with the Public Act 82-313, the State must deposit with the trustee monies necessary to restore the Special Capital Reserve Fund requirement. As of June 30, 2014 and 2013, the State has not made nor was it required to make any such deposit.

Note 10 - Related Party Transactions

CHEFA charged CHESLA in fiscal years 2014 and 2013 an annual fee of \$143 and \$110, respectively, for providing management, accounting, legal and other services, sharing of rental space, and office equipment. The managing director of CHEFA serves as executive director of CHESLA. In addition, CHESLA reimbursed CHEFA directly for specific general and administrative expenses incurred.

The general agency fund of CHESLA charges a fee to each of the bond funds for administering the bond and loan portfolios. The fee is based on an agreed upon percentage of the outstanding loans payable in each of the funds. For the years ended June 30, 2014 and 2013, the total fees charged were \$699 and \$754, respectively.

Note 11 - Employee Benefit Plans

The Authority maintains a defined contribution money purchase plan (the Plan) covering all employees with three months of continuous service and one-thousand anticipated hours of service annually. The Plan is administered by CHEFA and can be amended by the trustees of the Plan. CHEFA and CHESLA contribute annually to the Plan an amount equal to ten percent of each qualified employee's annual salary. For the years ended June 30, 2014 and 2013, retirement plan expense was \$233 and \$229, respectively.

In addition, the Authority has a deferred compensation plan, which was established during fiscal year 1991 in accordance with Internal Revenue Code Section 457 and is available to Authority employees. Employees are permitted to defer a portion of their salaries, subject to certain limitations. CHEFA and CHESLA match up to one thousand five hundred dollars of employee contributions. Related expense was \$33 for each of the years ended June 30, 2014 and 2013.

Note 12 - Operating Leases

CHEFA leases office space and other office equipment for use in operations. As of June 30, 2014, minimum future rental commitments of the leases are as follows:

2015	\$	241
2016	\$	242
2017	\$	240
2018	\$	244
2019	\$	123

Rental expense for these leases during the years ended June 30, 2014 and 2013 was \$229 and \$252.

State of Connecticut Health and Educational Facilities Authority
Notes to the Consolidated Financial Statements
As of and for the Years Ended June 30, 2014 and 2013
(Amounts Expressed in Thousands)

Note 13 - Legal Matters and Risk Management

The Authority is exposed to various risks of loss related to torts; theft of, damage to or destruction of assets; directors and officers; injuries to employees; or acts of God. The Authority purchases commercial insurance to mitigate loss from these risks. Under terms of the agreements between CHEFA and its borrowers, any costs associated with the litigation are the obligations of the borrowers. CHEFA is indemnified under the terms of the bond agreements.

Note 14 - Reconciliation of Operating Income to Net Cash (Used In) Provided By Operating Activities

The following is a reconciliation of operating income provided by operating activities for the years ended June 30, 2014 and 2013.

	<u>2014</u>	<u>2013</u>
Cash flows from operating activities:		
Increase in net position	\$ 933	\$ 1,481
Adjustments to reconcile decrease in net position to net cash provided by operating activities:		
Depreciation	76	85
Income from investments	(1,050)	(402)
Bond issuance costs	379	524
Provision for loan losses	302	196
Amortization of bond (premium) discount	(12)	54
Changes in assets and liabilities:		
Loans receivable	(2,865)	(2,016)
Accounts receivable	(422)	184
Interest receivable on loans receivable	43	(53)
Prepaid expenses and other assets	10	17
Accounts payable and accrued expenses	1,522	950
Accrued interest and other payables	150	(105)
Net cash (used in) provided by operating activities	<u>\$ (934)</u>	<u>\$ 915</u>

Note 15 - Subsequent Event

Pursuant to Public Act 14-217, effective July 1, 2014, the Connecticut Student Loan Foundation (CSLF) was statutorily consolidated with CHEFA by becoming a subsidiary of CHEFA. CSLF is a Connecticut State chartered not-for-profit corporation established pursuant to Title IV of the Higher Education Act of 1965, for the purpose of improving educational opportunity by helping students finance the cost of higher education.

State of Connecticut Health and Educational Facilities Authority
Consolidating Statement of Net Position
June 30, 2014
(Amounts Expressed in Thousands)

Assets	CHESLA					
	CHEFA	Agency Operating Fund	Bond Funds		Total CHESLA	Total
			1990 Resolution	2003 Resolution		
Current assets:						
Unrestricted assets:						
Cash	\$ 361	\$ 23	\$ -	\$ -	\$ 23	\$ 384
Investments	-	1,133	-	-	1,133	1,133
Current portion of loans receivable, net of allowances for loan losses of \$2,357	-	-	9,580	9,025	18,605	18,605
Accounts receivable, less allowance of \$86	617	-	-	-	-	617
Interest receivable on investments	-	-	58	77	135	135
Interest receivable on loans receivable	-	-	315	161	476	476
Board-designated investments	11,617	1,000	-	-	1,000	12,617
Prepaid expenses and other assets	80	16	-	-	16	96
Total unrestricted assets	12,675	2,172	9,953	9,263	21,388	34,063
Restricted assets:						
Fund investments	407,730	-	33,454	7,974	41,428	449,158
Total restricted assets	407,730	-	33,454	7,974	41,428	449,158
Total current assets	420,405	2,172	43,407	17,237	62,816	483,221
Non-current assets:						
Restricted investments	7,088	-	12,663	10,500	23,163	30,251
Loans receivable, net of current portion	-	-	65,344	40,009	105,353	105,353
Prepaid bond insurance premiums	-	104	-	95	199	199
Capital assets, net	171	-	-	-	-	171
Total non-current assets	7,259	104	78,007	50,604	128,715	135,974
Total assets	\$ 427,664	\$ 2,276	\$ 121,414	\$ 67,841	\$ 191,531	\$ 619,195

See independent auditors' report.

State of Connecticut Health and Educational Facilities Authority
Consolidating Statement of Net Position (continued)
June 30, 2014
(Amounts Expressed in Thousands)

Liabilities and Net Position	CHESLA					
	CHEFA	Agency Operating Fund	Bond Funds		Total CHESLA	Total
			1990 Resolution	2003 Resolution		
Current liabilities:						
Accounts payable and accrued expenses	\$ 2,990	\$ 6	\$ 189	46	\$ 241	\$ 3,231
Current portion of bonds payable	-	-	4,105	6,660	10,765	10,765
Accrued interest payable	-	-	483	339	822	822
Amounts held for institutions	407,730	-	-	-	-	407,730
Total current liabilities	410,720	6	4,777	7,045	11,828	422,548
Non-current liabilities:						
Bonds payable, net of current portion	-	-	113,409	50,677	164,086	164,086
Amount held on behalf of the State of Connecticut	2,182	-	-	-	-	2,182
Total non-current liabilities	2,182	-	113,409	50,677	164,086	166,268
Total liabilities	412,902	6	118,186	57,722	175,914	588,816
Net position:						
Invested in capital assets	171	-	-	-	-	171
Restricted	4,906	-	46,117	18,474	64,591	69,497
Unrestricted (Note 1)	9,685	2,270	(42,889)	(8,355)	(48,974)	(39,289)
Total net position	14,762	2,270	3,228	10,119	15,617	30,379
Total liabilities and net position	\$ 427,664	\$ 2,276	\$ 121,414	\$ 67,841	\$ 191,531	\$ 619,195

See independent auditors' report.

State of Connecticut Health and Educational Facilities Authority
Consolidating Statement of Net Position
June 30, 2013
(Amounts Expressed in Thousands)

Assets	CHESLA					
	CHEFA	Agency Operating Fund	Bond Funds		Total CHESLA	Total
			1990 Resolution	2003 Resolution		
Current assets:						
Unrestricted assets:						
Cash	\$ 227	\$ 50	\$ -	\$ -	\$ 50	\$ 277
Investments	-	1,180	-	-	1,180	1,180
Current portion of loans receivable, net of allowances for loan losses of \$2,321	-	-	9,606	9,046	18,652	18,652
Accounts receivable, less allowance of \$86	195	-	-	-	-	195
Interest receivable on investments	-	-	69	81	150	150
Interest receivable on loans receivable	-	-	297	222	519	519
Board-designated investments	10,638	1,000	-	-	1,000	11,638
Prepaid expenses and other assets	91	15	-	-	15	106
Total unrestricted assets	11,151	2,245	9,972	9,349	21,566	32,717
Restricted assets:						
Cash	57	-	-	-	-	57
Fund investments	507,721	-	29,420	8,089	37,509	545,230
Total restricted assets	507,778	-	29,420	8,089	37,509	545,287
Total current assets	518,929	2,245	39,392	17,438	59,075	578,004
Non-current assets:						
Restricted investments	7,167	-	11,536	10,500	22,036	29,203
Loans receivable, net of current portion	-	-	53,019	49,724	102,743	102,743
Prepaid bond insurance premiums	-	130	-	118	248	248
Capital assets, net	178	-	-	-	-	178
Total non-current assets	7,345	130	64,555	60,342	125,027	132,372
Total assets	\$ 526,274	\$ 2,375	\$ 103,947	\$ 77,780	\$ 184,102	\$ 710,376

See independent auditors' report.

State of Connecticut Health and Educational Facilities Authority
Consolidating Statement of Net Position (continued)
June 30, 2013
(Amounts Expressed in Thousands)

	CHEFA	Agency Operating Fund	CHESLA		Total CHESLA	Total
			Bond Funds			
			1990 Resolution	2003 Resolution		
Liabilities and Net Position						
Current liabilities:						
Accounts payable and accrued expenses	\$ 1,673	\$ 15	\$ 21	\$ -	\$ 36	\$ 1,709
Current portion of bonds payable	-	-	3,950	6,325	10,275	10,275
Accrued interest payable	-	-	366	395	761	761
Amounts held for institutions	507,778	-	-	-	-	507,778
Total current liabilities	509,451	15	4,337	6,720	11,072	520,523
Non-current liabilities:						
Bonds payable, net of current portion	-	-	97,091	61,134	158,225	158,225
Amount held on behalf of the State of Connecticut	2,182	-	-	-	-	2,182
Total non-current liabilities	2,182	-	97,091	61,134	158,225	160,407
Total liabilities	511,633	15	101,428	67,854	169,297	680,930
Net position:						
Invested in capital assets	178	-	-	-	-	178
Restricted	4,985	-	40,956	18,589	59,545	64,530
Unrestricted (Note 1)	9,478	2,360	(38,437)	(8,663)	(44,740)	(35,262)
Total net position	14,641	2,360	2,519	9,926	14,805	29,446
Total liabilities and net position	\$ 526,274	\$ 2,375	\$ 103,947	\$ 77,780	\$ 184,102	\$ 710,376

See independent auditors' report.

State of Connecticut Health and Educational Facilities Authority
Consolidating Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2014
(Amounts Expressed in Thousands)

	CHESLA							
	CHEFA	Agency Operating Fund	Bond Funds		Eliminations	Total CHESLA	Eliminations	Total
			1990 Resolution	2003 Resolution				
Operating revenues:								
Interest income on loans receivable	\$ -	\$ -	\$ 5,061	\$ 3,469	\$ -	\$ 8,530	\$ -	\$ 8,530
Administrative fees	7,233	699	-	-	(699)	-	-	7,233
Investment income	9	5	460	576	-	1,041	-	1,050
Bond issuance fees	80	-	-	-	-	-	-	80
Other revenues	178	-	-	-	-	-	(143)	35
Total operating revenues	7,500	704	5,521	4,045	(699)	9,571	(143)	16,928
Operating expenses:								
Interest expense	-	-	3,815	2,907	-	6,722	-	6,722
Salaries and related expenses	2,848	197	-	-	-	197	-	3,045
General and administrative expenses	1,023	271	299	582	(699)	453	(143)	1,333
Loan service fees	-	-	492	214	-	706	-	706
Bond issuance and insurance costs	-	26	329	24	-	379	-	379
Provision for loan losses	-	-	258	44	-	302	-	302
Total operating expenses	3,871	494	5,193	3,771	(699)	8,759	(143)	12,487
Total operating income	3,629	210	328	274	-	812	-	4,441
Non-operating - expenses:								
Grant expense	(3,508)	-	-	-	-	-	-	(3,508)
Total non-operating expense	(3,508)	-	-	-	-	-	-	(3,508)
Income before transfers	121	210	328	274	-	812	-	933
Transfers	-	(300)	381	(81)	-	-	-	-
Increase (decrease) in net position	121	(90)	709	193	-	812	-	933
Net position, beginning of year	14,641	2,360	2,519	9,926	-	14,805	-	29,446
Net position, end of year	\$ 14,762	\$ 2,270	\$ 3,228	\$ 10,119	\$ -	\$ 15,617	\$ -	\$ 30,379

See independent auditors' report.

State of Connecticut Health and Educational Facilities Authority
Consolidating Statement of Revenues, Expenses and Changes in Net Position
For the Year Ended June 30, 2013
(Amounts Expressed in Thousands)

	CHESLA							
	CHEFA	Agency Operating Fund	Bond Funds		Eliminations	Total CHESLA	Eliminations	Total
			1990 Resolution	2003 Resolution				
Operating revenues:								
Interest income on loans receivable	\$ -	\$ -	\$ 4,232	\$ 3,937	\$ -	\$ 8,169	\$ -	\$ 8,169
Administrative fees	7,110	754	-	-	(754)	-	-	7,110
Investment income (loss)	14	15	(226)	599	-	388	-	402
Bond issuance fees	158	-	-	-	-	-	-	158
Other revenues	241	-	-	-	-	-	(110)	131
Total operating revenues	7,523	769	4,006	4,536	(754)	8,557	(110)	15,970
Operating expenses:								
Interest expense	-	-	3,030	3,453	-	6,483	-	6,483
Salaries and related expenses	2,844	189	-	-	-	189	-	3,033
General and administrative expenses	1,057	342	252	632	(754)	472	(110)	1,419
Loan service fees	-	-	378	154	-	532	-	532
Bond issuance and insurance costs	-	30	466	28	-	524	-	524
Provision for loan losses (benefit)	-	-	197	(1)	-	196	-	196
Arbitrage rebate and excess loan yield benefit	-	-	-	35	-	35	-	35
Total operating expenses	3,901	561	4,323	4,301	(754)	8,431	(110)	12,222
Total operating income (loss)	3,622	208	(317)	235	-	126	-	3,748
Non-operating - expenses:								
Grant expense	(2,267)	-	-	-	-	-	-	(2,267)
Total non-operating expense	(2,267)	-	-	-	-	-	-	(2,267)
Income before transfers	1,355	208	(317)	235	-	126	-	1,481
Transfers	-	(700)	700	-	-	-	-	-
Increase (decrease) in net position	1,355	(492)	383	235	-	126	-	1,481
Net position, beginning of year (See Note 1)	13,286	2,852	2,136	9,691	-	14,679	-	27,965
Net position, end of year	\$ 14,641	\$ 2,360	\$ 2,519	\$ 9,926	\$ -	\$ 14,805	\$ -	\$ 29,446

See independent auditors' report.



**Report on Internal Control over Financial Reporting and on
Compliance and Other Matters Based on an Audit of Financial Statements
Performed in Accordance with Government Auditing Standards**

To the Board of Directors of the
State of Connecticut Health and Educational Facilities Authority:

We have audited in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of the State of Connecticut Health and Educational Facilities Authority (the Authority), a component unit of the State of Connecticut, which comprise the consolidated statements of net position as of June 30, 2014 and 2013 and the related consolidated statements of revenues, expenses and changes in net position and cash flows for the years then ended, and the related notes to the financial statements, and have issued our report thereon dated September 17, 2014.

Internal Control Over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's consolidated financial statements will not be prevented, or detected and corrected on a timely basis. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet is important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's consolidated financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.





Saslow Lufkin & Buggy, LLP

Accounting • Tax • Advisory

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the organization's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the organization's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Saslow Lufkin & Buggy, LLP

September 17, 2014

State of Connecticut Health and Educational Facilities Authority
Report to the Governor – Fiscal Year 2014

Grant Programs

During FY 2014, the Authority awarded grants through its Client Grant Program and Nonprofit Grant Program totaling \$3,508,192.

Fiscal Year 2014 Grants

Client Grant Program	\$1,008,192
Nonprofit Grant Program	<u>\$2,500,000</u>
Total Grants	\$3,508,192

Client Grant Program

Grantee	Location	Purpose	Amount
Bristol Hospital and Health Care Group	Bristol	Upgrade and renovate Express Care area of ER	\$75,000
Connecticut Children's Medical Center	Hartford	Road Mentor phone app development	\$75,000
Childcare Learning Centers	Stamford	Safety repairs of twenty year old playground	\$73,092
CICU-IRPS	Farmington	Student record data system for longitudinal information on student success	\$140,000
Day Kimball Healthcare	Putnam	Automated laboratory testing equipment and training modules	\$75,000
Eagle Hill School	Greenwich	Speech and language electronic assistive technology equipment and training	\$62,630
Gaylord Hospital	Wallingford	In-room medication verification system	\$75,000
Hartford Hospital	Hartford	Cardiopulmonary patient simulator for training center expansion	\$71,500
Masonicare Home Health & Hospice	Wallingford	Wound care management program	\$75,000
New Horizons	Unionville	Facility energy and safety infrastructure upgrades	\$75,000
Thames Valley Council for Community Action	Jewett City	Refrigerated truck for Meals on Wheels programs	\$70,970
Village for Families and Children	Hartford	Intensive psychiatric community programs for youth	\$65,000
Total Client Grants			\$1,008,192

**State of Connecticut Health and Educational Facilities Authority
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Nonprofit Grant Program

Grantee	Location	Purpose	Amount
ACCESS Agency	Willimantic	Replacement refrigerators and freezers for two food pantries to increase capacity by 25%	\$14,100
BHcare	North Haven	Outpatient behavioral health services support	\$50,000
Catholic Charities of Fairfield County	Bridgeport	IT upgrades and staffing costs	\$75,000
Central Connecticut Senior Health Services	Southington	Programs for seniors to prevent injury and premature nursing home placements	\$21,658
Community Partners in Action	Hartford	Resettlement program for formerly incarcerated women	\$18,050
Community Soup Kitchen	New Haven	Breakfast and lunch program at four feeding sites	\$5,000
Connecticut Food Bank	New Haven	Mobile pantry support for low-income neighborhoods	\$75,000
Connecticut Junior Republic Association	Litchfield	Behavioral health program support for wellness centers	\$75,000
Cornerstone Foundation	Vernon-Rockville	Food, shelter and case management to those in need	\$70,000
Covenant Shelter of New London	New London	Case management, shelter services and facility repairs	\$50,000
Covenant Soup Kitchen	Willimantic	Food for soup kitchen and emergency food pantry	\$68,000
CW Resources	New Britain	Refrigerator/freezer truck for Meals on Wheels program	\$75,000
ElderHouse	Norwalk	Nutrition and meals program for seniors	\$60,000
Fellowship Place	New Haven	Meals for the mentally ill in program	\$61,000
Torrington Chapter of FISH	Torrington	Purchase of food to supplement donated supply	\$6,000
Foodshare	Bloomfield	Expansion of meat and produce program	\$75,000
FSW	Bridgeport	Food transport vehicle for Meals on Wheels program in New Haven	\$43,000
Generations Family Health Care	Willimantic	Intake screenings to connect patients to programs at four sites	\$75,000
Hands On Hartford	Hartford	Food and staffing support for four food programs	\$75,000
Holy Family Home and Shelter	Willimantic	Health and safety renovations at homeless shelter	\$34,200
Homes with Hope	Westport	Intensive homelessness prevention program	\$10,000
House of Bread	Hartford	Van for five after-school feeding program locations	\$30,000
Immaculate Conception Shelter and Housing	Hartford	Outreach vehicle to deliver food and necessities to homeless	\$75,000
Inspirica	Stamford	Family emergency and transitional housing program	\$75,000
Jewish Family Service of New Haven	New Haven	Food assistance program support	\$20,000

**State of Connecticut Health and Educational Facilities Authority
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Grantee	Location	Purpose	Amount
Kids in Crisis	Cos Cob	Safe Haven youth-only shelter support	\$75,000
Liberty Community Services	New Haven	Eviction and homelessness prevention program	\$40,500
Loaves and Fishes Ministries	Hartford	Soup kitchen support in Hartford's Asylum Hill area	\$20,000
Martin House	Norwich	Replacement kitchen equipment for residential shelter	\$6,805
Mercy Housing and Shelter	Hartford	Soup kitchen and transitional housing meals program	\$25,000
Mystic Area Shelter & Hospitality	Groton	Shelter diversion through case management program	\$10,000
Network Against Domestic Abuse of North Central CT	Enfield	Repairs to domestic violence shelter facility	\$13,371
Norwalk Community Health Center	Norwalk	Integration of mental health services into primary care setting for patients with psychiatric and addiction issues	\$75,000
Person-to Person	Darien	Pantry food and emergency financial assistance to prevent homelessness	\$35,000
Plainville Community Food Pantry	Plainville	Upgrade of warehouse, purchase of food and staffing	\$25,000
Positive Directions	Westport	No-cost mental health treatment program expansion	\$16,500
Prime Time House	Torrington	Expansion of feeding program, increase pantry space and refrigeration equipment	\$22,500
r Kids	New Haven	Increase in clinician services and time to families	\$27,040
Regional Hospice and Home Care of Western Connecticut	Danbury	Palliative care special fund to equipment and treatment not covered by insurance	\$75,000
Regional YMCA of Western Connecticut	Brookfield	Diabetes prevention screening for those at high risk	\$7,500
Ridgefield Visiting Nurse Association	Ridgefield	Preventative home care and chronic disease management for elderly in 20-town service area	\$25,000
Safe Futures	New London	Safety renovations to domestic violence shelter	\$37,750
Southeastern Council on Alcoholism and Drug Dependence	Lebanon	Improvements to acute care detox facility	\$74,978
St. Vincent de Paul Place Norwich	Norwich	Meals and food pantry programs support	\$10,000
St. Vincent DePaul Mission of Bristol	Bristol	Replacement of roof at shelter	\$75,000
Susan B. Anthony Project	Torrington	Support for program to build capacity and intensity of services at domestic violence shelter	\$56,800
The Bridge Family Center	West Hartford	Reduce or eliminate waiting list for children's non-emergency therapeutic counseling services	\$75,000
The Open Door Shelter	Norwalk	Food program providing three meals a day to the homeless	\$75,000

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Grantee	Location	Purpose	Amount
The Salvation Army	Waterbury	Rapid rehousing homelessness prevention program support	\$30,721
The Shoreline Soup Kitchens	Essex	Food purchase for five pantry and eight feeding sites in 11-town service area	\$50,000
United Community & Family Services	Norwich	Adult mobile dental suite to increase capacity of existing children's dental program	\$57,247
Visiting Nurse & Hospice of Fairfield County	Wilton	Support for expansion of palliative care program	\$25,000
VNA of Southeastern Connecticut	Waterford	Nurse-managed clinics at two homeless shelters	\$47,065
Western Connecticut Home Care	Danbury	Expansion of telehealth program for seniors	\$55,215
Wheeler Clinic	Plainville	Dental program support for mentally ill or addicted living in poverty in the Bristol area	\$75,000
Women and Families Center	Meriden	Programming support to serve runaway, homeless and at-risk youth	\$20,000
Total Nonprofit Grants			\$2,500,000

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										<u>Current</u>	<u>Long-Term</u>
University of Hartford	A*	7/1/1966	N/A	N/A	N/A	1997	4.97%	N/A	4,100	-	-
Middlesex Hospital	A*	7/1/1967	N/A	N/A	N/A	2000	5.79%	N/A	9,300	-	-
Rockville General Hospital	A*	7/1/1968	N/A	N/A	N/A	1994	5.97%	N/A	3,400	-	-
Danbury Hospital	A*	7/1/1968	N/A	N/A	N/A	2000	5.88%	N/A	8,500	-	-
Mount Sinai Hospital	A*	7/1/1968	N/A	N/A	N/A	2000	5.98%	N/A	11,450	-	-
New Britain General Hospital	A*	7/1/1968	N/A	N/A	N/A	1999	5.57%	N/A	5,540	-	-
New Haven College	A*	7/1/1968	N/A	N/A	N/A	2000	5.99%	N/A	2,950	-	-
University of Hartford	B*	7/1/1969	N/A	N/A	N/A	2000	6.92%	N/A	6,680	-	-
Lawrence and Memorial Hospital	A*	7/1/1969	N/A	N/A	N/A	2000	7.97%	N/A	5,380	-	-
Danbury Hospital	B*	7/1/1970	N/A	N/A	N/A	1976	4.50%	N/A	1,500	-	-
Yale University	A*	7/1/1970	N/A	N/A	N/A	1978	4.44%	N/A	2,440	-	-
Waterbury Hospital	A*	7/1/1970	N/A	N/A	N/A	2002	7.19%	N/A	10,950	-	-
Windham Hospital	A*	7/1/1970	N/A	N/A	N/A	2003	6.61%	N/A	3,860	-	-
Yale University	B*	7/1/1970	N/A	N/A	N/A	2002	5.76%	N/A	12,300	-	-
Saint Francis Hospital	A*	7/1/1971	N/A	N/A	N/A	2003	6.75%	N/A	16,700	-	-
Yale-New Haven Hospital	A*	7/1/1971	N/A	N/A	N/A	2003	5.56%	N/A	9,250	-	-
University of Bridgeport	A*	7/1/1971	N/A	N/A	N/A	2003	5.96%	N/A	7,500	-	-
Charlotte Hungerford Hospital	A*	7/1/1970	N/A	N/A	N/A	1982	4.32%	N/A	2,400	-	-
Wesleyan University	A*	7/1/1972	N/A	N/A	N/A	2003	5.44%	N/A	30,550	-	-
Yale University	C*	7/1/1972	N/A	N/A	N/A	2004	5.33%	N/A	2,780	-	-
Saint Vincent's Hospital	A*	7/1/1973	N/A	N/A	N/A	2006	6.26%	N/A	23,450	-	-
Middlesex Hospital	B*	7/1/1974	N/A	N/A	N/A	2007	8.82%	N/A	8,220	-	-
Norwalk Hospital	A*	3/1/1976	N/A	N/A	N/A	2009	7.06%	N/A	13,800	-	-
Danbury Hospital	C*	7/1/1976	N/A	N/A	N/A	2009	7.76%	N/A	19,750	-	-
Yale University	D*	7/1/1976	N/A	N/A	N/A	2006	5.34%	N/A	16,400	-	-
Fairfield University	A*	7/1/1977	N/A	N/A	N/A	2003	5.52%	N/A	4,150	-	-
Trinity College	A*	7/1/1977	N/A	N/A	N/A	2009	6.42%	N/A	6,000	-	-
Yale-New Haven Hospital	B*	7/1/1979	N/A	N/A	N/A	2012	6.88%	N/A	59,500	-	-
Hartford Hospital	A*	9/12/1979	N/A	N/A	N/A	1998	6.38%	N/A	1,800	-	-
Saint Mary's Hospital	A*	1/1/1980	N/A	N/A	N/A	2010	8.72%	N/A	25,985	-	-
Connecticut Hospice	A*	7/16/1980	N/A	N/A	N/A	2000	9.75%	N/A	1,450	-	-
Fairfield University	B*	7/1/1980	N/A	N/A	N/A	2006	9.75%	N/A	4,680	-	-
Quinnipiac University	A*	10/22/1980	N/A	N/A	N/A	2007	9.75%	N/A	1,900	-	-
University of New Haven	B*	4/15/1981	N/A	N/A	N/A	2006	11.63%	N/A	5,210	-	-
Manchester Memorial Hospital	A*	6/1/1981	N/A	N/A	N/A	2012	11.76%	N/A	14,800	-	-
Fairfield University	C*	11/12/1981	N/A	N/A	N/A	2002	Variable	N/A	3,500	-	-
Yale-New Haven Hospital	C*	3/1/1981	N/A	N/A	N/A	2002	Variable	N/A	6,500	-	-
Meriden-Wallingford Hospital	A*	7/1/1982	N/A	N/A	N/A	2012	14.94%	N/A	24,200	-	-
Community Health Care Center Plan	A*	12/22/1982	N/A	N/A	N/A	2007	6.22%	N/A	2,500	-	-
Yale University	E*	2/9/1983	N/A	N/A	N/A	1998	Variable	N/A	28,500	-	-
Yale University	F*	3/1/1983	N/A	N/A	N/A	2013	8.78%	N/A	30,250	-	-
Wesleyan University	B*	3/15/1983	N/A	N/A	N/A	2013	7.11%	15,723	16,175	-	-
Danbury Hospital	D*	4/15/1983	N/A	N/A	N/A	2014	8.74%	48,753	49,995	-	-
William W. Backus Hospital	A*	11/22/1983	N/A	N/A	N/A	1994	Variable	2,974	3,060	-	-
Connecticut College	A*	1/1/1984	N/A	N/A	N/A	1992	6.60%	4,136	4,250	-	-
Stamford Hospital	A*	5/1/1984	N/A	N/A	N/A	1994	8.25%	18,884	19,410	-	-
Hospital of Saint Raphael	A*	10/1/1984	N/A	N/A	N/A	2024	10.01%	N/A	45,030	-	-

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Fairfield University	D*	11/20/1984	N/A	N/A	N/A	2009	Variable	2,224	2,300	-	-
Hospital Equipment	A*	3/1/1985	N/A	N/A	N/A	1995	6.66%	14,107	14,530	-	-
University of New Haven	C*	6/27/1985	N/A	N/A	N/A	2010	Variable	N/A	2,275	-	-
Yale-New Haven Hospital	D*	7/1/1985	N/A	N/A	N/A	2012	8.00%	44,882	45,900	-	-
Yale University	G-J*	10/15/1985	N/A	N/A	N/A	2015	Variable	90,400	90,400	-	-
William W. Backus Hospital	B*	11/15/1985	N/A	N/A	N/A	2005	Variable	4,733	4,860	-	-
Hartford Graduate Center	A	11/20/1985	N/A	N/A	N/A	2006	Variable	5,558	5,700	-	-
Yale-New Haven Hospital	E*	11/1/1985	N/A	Kidder Peabody	PaineWebber	2012	Variable	14,964	15,000	-	-
Trinity College	B*	12/30/1985	Negotiated	Chemical Bank	PaineWebber	2010	Variable	10,590	10,700	-	-
Center for Continuing Care of Greater Stamford	A*	5/1/1986	Negotiated	Merrill Lynch	PaineWebber	2001	6.22%	7,780	8,015	-	-
Manchester Memorial Hospital	B*	11/15/1986	Negotiated	Merrill Lynch	PaineWebber	2012	6.52%	14,865	15,325	-	-
Hebrew Home & Hospital	A*	1/1/1987	Negotiated	Merrill Lynch	PaineWebber	2030	6.98%	21,760	21,760	-	-
Yale University	K*	3/1/1987	Negotiated	Merrill Lynch	PaineWebber	2013	6.10%	34,140	34,290	-	-
Fairfield University	E*	7/1/1987	Negotiated	Goldman Sachs	PaineWebber	2007	7.07%	15,385	15,575	-	-
Capital Asset	A*	2/1/1988	Negotiated	Merrill Lynch/CNB	PaineWebber	1997	5.81%	N/A	10,930	-	-
University of Hartford	C*	4/1/1988	Private	N/A	PaineWebber	2018	8.89%	57,014	61,915	-	-
Yale University	L-O*	7/28/1988	Negotiated	Shearson Lehman	Advest	2028	Variable	89,644	90,000	-	-
Saint Mary's Hospital	B*	8/15/1988	Negotiated	J.P. Morgan	Dillon Read	2019	7.56%	33,425	33,645	-	-
Wesleyan University	C*	9/22/1988	Negotiated	Goldman Sachs	Advest	2019	Variable	37,917	38,300	-	-
Bradley Health Care	A*	12/1/1988	Negotiated	Herbert J. Sims	Dillon Read	2018	8.93%	7,278	7,385	-	-
Hospital of Saint Raphael	B & C*	12/1/1988	Negotiated	Merrill Lynch	Dillon Read	2014	7.68%	71,425	72,440	-	-
Kingswood-Oxford School	A*	5/17/1989	Private	N/A	Dillon Read	2009	Variable	2,800	2,800	-	-
Lutheran General Health Care System	A*	5/17/1989	Negotiated	Morgan Stanley	Dillon Read	2019	7.37%	10,587	10,650	-	-
Stamford Hospital	B*	6/1/1989	Negotiated	Merrill Lynch	Dillon Read	2004	6.82%	10,473	10,450	-	-
Yale University	P*	9/27/1989	Negotiated	Shearson Lehman	Dillon Read	2028	6.10%	N/A	6,350	-	-
Fairfield University	F*	10/1/1989	Negotiated	Goldman Sachs	Dillon Read	2014	7.03%	11,436	11,700	-	-
Bridgeport Hospital	CAP B*	11/1/1989	Negotiated	Salomon Smith Barney	Dillon Read	1999	6.79%	2,766	2,795	-	-
Middlesex Hospital	CAP B*	11/1/1989	Negotiated	Salomon Smith Barney	Dillon Read	1999	6.79%	2,420	2,455	-	-
Norwalk Health Care	CAP B*	11/1/1989	Negotiated	Salomon Smith Barney	Dillon Read	1998	6.79%	760	780	-	-
Norwalk Hospital	CAP B*	11/1/1989	Negotiated	Salomon Smith Barney	Dillon Read	2000	6.79%	7,146	7,195	-	-
University of New Haven	CAP B*	11/1/1989	Negotiated	Salomon Smith Barney	Dillon Read	2000	6.79%	1,775	1,795	-	-
Waterbury Hospital	CAP B*	11/1/1989	Negotiated	Salomon Smith Barney	Dillon Read	1999	6.79%	8,184	8,255	-	-
Quinnipiac University	B*	11/15/1989	Negotiated	Ehrlich Bober	Dillon Read	2019	7.36%	11,049	11,340	-	-
Manchester Memorial Hospital	C*	1/15/1990	Negotiated	Merrill Lynch	Dillon Read	2010	6.96%	4,908	5,005	-	-
Lawrence and Memorial Hospital	B*	2/1/1990	Negotiated	Drexel Burnham	Dillon Read	2020	7.03%	9,058	9,295	-	-
Bristol Hospital	A*	3/1/1990	Negotiated	Cain Brothers	Dillon Read	2020	7.03%	18,016	18,250	-	-
Taft School, The	A*	4/15/1990	Negotiated	Salomon Smith Barney	Dillon Read	2003	7.39%	11,701	11,870	-	-
Windham Hospital	B*	6/13/1990	Negotiated	Merrill Lynch	Dillon Read	2020	Variable	20,425	20,600	-	-
Loomis Chaffee School	A*	6/28/1990	Private	N/A	Dillon Read	2010	7.00%	6,965	7,000	-	-
Saint Mary's Hospital	C*	8/1/1990	Negotiated	J.P. Morgan	P.G. Corbin	2020	7.44%	18,694	18,980	-	-
Charlotte Hungerford Hospital	B*	9/20/1990	Negotiated	Bank of Boston	P.G. Corbin	2010	Variable	10,787	10,900	-	-
Quinnipiac University	C*	11/1/1990	Negotiated	Dillon Read	P.G. Corbin	2020	7.91%	3,784	4,000	-	-
Waterbury Hospital	B*	11/1/1990	Negotiated	First Boston	P.G. Corbin	2020	7.10%	19,727	20,130	-	-
Yale-New Haven Hospital	F*	11/1/1990	Negotiated	Goldman Sachs	P.G. Corbin	2025	7.11%	123,529	124,395	-	-
Danbury Hospital	CAP C*	12/1/1990	Negotiated	Advest	P.G. Corbin	2020	6.95%	7,408	7,520	-	-
Independent Day School	CAP C*	12/1/1990	Negotiated	Advest	P.G. Corbin	2020	6.95%	832	845	-	-
University of New Haven	CAP C*	12/1/1990	Negotiated	Advest	P.G. Corbin	2020	6.95%	4,743	4,815	-	-

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Kent School	A*	12/1/1990	Negotiated	Salomon Smith Barney	P.G. Corbin	2023	Variable	25,792	26,000	-	-
Hospital of Saint Raphael	D*	4/1/1991	Negotiated	Merrill Lynch	P.G. Corbin	2014	6.53%	16,492	17,125	-	-
Hospital of Saint Raphael	E*	4/1/1991	Negotiated	Merrill Lynch	P.G. Corbin	2014	6.53%	3,062	3,155	-	-
Stamford Hospital	C*	5/1/1991	Negotiated	Merrill Lynch	P.G. Corbin	2006	6.41%	15,307	15,585	-	-
Stamford Hospital	D*	5/1/1991	Negotiated	Merrill Lynch	P.G. Corbin	2006	6.41%	5,590	5,690	-	-
Stamford Hospital	E*	5/1/1991	Negotiated	Merrill Lynch	P.G. Corbin	2006	6.41%	939	965	-	-
Connecticut College	B*	8/31/1991	Negotiated	Advest	P.G. Corbin	2011	6.63%	5,704	5,800	-	-
Danbury Hospital	E**	9/1/1991	Negotiated	Cain Brothers	P.G. Corbin	2014	5.99%	36,708	37,620	-	-
Sharon Health Care, Inc.	A*	11/1/1991	Negotiated	Herbert J. Sims	P.G. Corbin	2021	8.92%	7,568	7,290	-	-
New Britain Memorial Hospital	A*	12/1/1991	Negotiated	Dillon Read	P.G. Corbin	2022	7.70%	43,703	44,805	-	-
Tolland County Health Care, Inc.	A*	12/1/1991	Negotiated	Herbert J. Sims	P.G. Corbin	2021	8.90%	8,762	8,900	-	-
Johnson Evergreen Corporation	A*	1/1/1992	Negotiated	Herbert J. Sims	P.G. Corbin	2022	8.24%	8,354	8,590	-	-
Saint Francis Hospital	B*	1/1/1992	Negotiated	Salomon Smith Barney	P.G. Corbin	2022	5.52%	27,301	27,845	-	-
Hospital of Saint Raphael	F*	1/1/1992	Negotiated	Merrill Lynch	P.G. Corbin	2014	5.24%	20,249	20,570	-	-
Hospital of Saint Raphael	G*	1/1/1992	Negotiated	Merrill Lynch	P.G. Corbin	2014	4.75%	7,338	7,455	-	-
Middlesex Hospital	C-G*	3/1/1992	Negotiated	Dillon Read	P.G. Corbin	2022	5.44%	37,481	38,940	-	-
Bridgeport Hospital	A*	3/1/1992	Negotiated	Kidder Peabody	P.G. Corbin	2018	5.51%	25,486	25,890	-	-
Yale-New Haven Hospital	G*	4/1/1992	Negotiated	Dillon Read	P.G. Corbin	2012	6.41%	33,842	34,315	-	-
Lawrence and Memorial Hospital	C*	4/1/1992	Negotiated	PaineWebber	P.G. Corbin	2022	6.14%	50,069	51,950	-	-
Norwalk Health Care	A*	5/1/1992	Negotiated	Herbert J. Sims	P.G. Corbin	2022	6.25%	12,809	13,060	-	-
Norwalk Hospital	B-D*	5/15/1992	Negotiated	Dillon Read	P.G. Corbin	2022	4.89%	22,555	23,100	-	-
Trinity College	C*	7/1/1992	Negotiated	Advest	P.G. Corbin	2022	6.07%	20,033	20,370	-	-
Yale University	Q-R*	8/3/1992	Negotiated	Lehman Brothers	P.G. Corbin	2030	5.93%	86,972	87,600	-	-
William W. Backus Hospital	C*	9/1/1992	Negotiated	Merrill Lynch	P.G. Corbin	2022	6.44%	14,270	14,700	-	-
University of Hartford	D*	10/1/1992	Negotiated	Advest	P.G. Corbin	2022	6.82%	75,871	76,720	-	-
Sacred Heart University	A*	11/1/1992	Negotiated	Advest	P.G. Corbin	2022	6.77%	6,084	6,160	-	-
Manchester Memorial Hospital	D*	2/1/1993	Negotiated	Merrill Lynch	P.G. Corbin	2022	6.05%	8,058	8,430	-	-
Griffin Hospital	A*	3/1/1993	Negotiated	Alex Brown	P.G. Corbin	2023	6.22%	28,911	30,285	-	-
Taft School, The	B*	7/1/1993	Negotiated	Salomon Smith Barney	P.G. Corbin	2020	5.34%	13,204	13,425	-	-
Quinnipiac University	D*	8/1/1993	Negotiated	Dillon Read	P.G. Corbin	2023	6.12%	49,839	50,700	-	-
Fairfield University	G*	9/15/1993	Negotiated	Goldman Sachs	PFM	2018	4.74%	24,679	25,255	-	-
Sacred Heart University	B*	10/1/1993	Negotiated	Advest	PFM	2023	5.73%	12,342	12,500	-	-
Saint Francis Hospital	C	10/1/1993	Negotiated	Salomon Smith Barney	P.G. Corbin	2023	5.12%	108,253	110,505	-	-
Forman School, The	A*	11/12/1993	Negotiated	Cain Brothers	PFM	2014	Variable	3,098	4,000	-	-
Hospital of Saint Raphael	H*	11/1/1993	Negotiated	Merrill Lynch	P.G. Corbin	2014	5.19%	72,597	73,575	-	-
Lawrence and Memorial Hospital	D*	12/1/1993	Negotiated	PaineWebber	P.G. Corbin	2022	5.46%	55,795	58,165	-	-
New Britain General Hospital	B*	4/1/1994	Negotiated	Salomon Smith Barney	PFM	2024	6.01%	46,620	48,870	-	-
Trinity College	D*	4/1/1994	Negotiated	Advest	PFM	2024	6.23%	16,707	17,000	-	-
Newington Children's Hospital	A*	8/15/1994	Negotiated	US Securities	P.G. Corbin	2021	6.00%	52,767	53,750	-	-
Choate Rosemary Hall	A*	11/15/1994	Negotiated	Salomon Smith Barney	PFM	2025	6.91%	24,752	25,070	-	-
Pomfret School	A*	1/25/1995	Negotiated	Alex Brown	PFM	2024	Variable	7,670	7,785	-	-
Loomis Chaffee School	B*	1/1/1995	Negotiated	First Albany	PFM	2025	6.43%	9,830	10,260	-	-
Bridgeport Hospital	B*	4/12/1995	Negotiated	Merrill Lynch	P.G. Corbin	2010	Variable	31,258	31,500	-	-
Kent School	B*	7/27/1995	Negotiated	Salomon Smith Barney	PFM	2023	5.64%	26,297	26,915	-	-
Day Kimball Hospital	A	11/3/1995	Negotiated	Alex Brown	P.G. Corbin	2026	5.71%	18,336	19,150	-	-
Bridgeport Hospital	C*	12/20/1995	Negotiated	Merrill Lynch	P.G. Corbin	2025	5.57%	53,174	54,805	-	-
Danbury Hospital	F*	1/24/1996	Negotiated	First Union	PFM	2023	5.36%	19,831	20,000	-	-

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Greenwich Academy	A*	3/1/1996	Negotiated	Advest	PFM	2026	5.60%	15,705	16,000	-	-
Greenwich Hospital	A*	3/1/1996	Negotiated	Goldman Sachs	P.G. Corbin	2026	5.93%	61,632	62,905	-	-
Sacred Heart University	C*	4/1/1996	Negotiated	Advest	PFM	2026	6.65%	34,821	35,395	-	-
Westminster School	A*	5/1/1996	Negotiated	Salomon Smith Barney	P.G. Corbin	2026	5.96%	9,417	10,195	-	-
University of New Haven	D*	5/1/1996	Negotiated	Advest	PFM	2026	6.79%	23,839	24,400	-	-
Taft School, The	C*	6/1/1996	Negotiated	Salomon Smith Barney	PFM	2026	6.27%	15,893	16,730	-	-
Trinity College	E*	7/1/1996	Negotiated	Advest	PFM	2026	5.97%	34,034	35,000	-	-
Yale-New Haven Hospital	H*	7/1/1996	Negotiated	Morgan Stanley	PFM	2025	5.78%	118,073	120,240	-	-
Veterans Memorial Medical Center	A*	8/1/1996	Negotiated	Roosevelt & Cross	P.G. Corbin	2026	5.50%	67,745	69,785	-	-
Loomis Chaffee School	C*	8/1/1996	Negotiated	First Albany	P.G. Corbin	2026	5.67%	10,938	11,435	-	-
Stamford Hospital	F*	10/15/1996	Negotiated	Merrill Lynch	PFM	2004	5.36%	22,899	23,645	-	-
Windham Hospital	C*	12/1/1996	Negotiated	Merrill Lynch	N/A	2020	6.29%	19,235	20,200	-	-
Connecticut College	C*	1/1/1997	Negotiated	Advest	P.G. Corbin	2017	6.04%	32,307	33,620	-	-
Yale University	S	4/3/1997	Negotiated	Lehman Brothers	N/A	2027	Variable	135,649	135,865	-	135,865
Sacred Heart University	D*	4/1/1997	Negotiated	Advest	PFM	2027	6.44%	6,045	6,185	-	-
William W. Backus Hospital	D*	4/1/1997	Negotiated	Advest	PFM	2027	6.01%	16,724	17,240	-	-
Saint Mary's Hospital	D* & E	5/1/1997	Negotiated	Roosevelt & Cross	P.G. Corbin	2014	5.94%	45,886	47,150	1,960	19,515
Choate Rosemary Hall	B*	7/8/1997	Negotiated	Lehman Brothers	PFM	2027	5.20%	31,474	33,075	-	-
Edgehill Retirement Community	A&B*	7/23/1997	Negotiated	Herbert J. Sims	P.G. Corbin	2027	6.87%	83,471	84,370	-	-
Suffield Academy	A*	9/24/1997	Negotiated	Advest	PFM	2027	5.41%	7,775	8,070	-	-
Sharon Hospital	A*	9/30/1997	Private	Bank Boston	N/A	2027	Variable	7,568	7,610	-	-
Middlesex Hospital	H*	10/9/1997	Negotiated	Paine Webber	PFM	2027	5.24%	45,500	46,990	-	-
Middlesex Health Services	I*	10/9/1997	Negotiated	Paine Webber	PFM	2027	5.24%	8,160	8,450	-	-
Yale University	T***	11/5/1997	Negotiated	Goldman Sachs	N/A	2029	4.80%	249,488	250,000	-	250,000
Hospital for Special Care	B*	12/17/1997	Negotiated	Advest	P.G. Corbin	2027	5.68%	68,103	69,795	-	-
Masonicare	A*	12/18/1997	Negotiated	Salomon Smith Barney	P.G. Corbin	2020	5.21%	51,353	53,045	-	-
Bradley Health Care	B*	12/22/1997	Negotiated	Herbert J. Sims	P.G. Corbin	2029	Variable	19,532	19,630	-	-
Jerome Home	C*	12/22/1997	Negotiated	Herbert J. Sims	P.G. Corbin	2019	Variable	3,761	3,780	-	-
Hospital of Saint Raphael	J*	1/8/1998	Negotiated	Merrill Lynch & Co	P.G. Corbin	2022	Variable	19,978	20,100	-	-
Hospital of Saint Raphael	K*	1/8/1998	Negotiated	Merrill Lynch & Co	P.G. Corbin	2022	Variable	8,647	8,700	-	-
Trinity College	F	4/30/1998	Negotiated	Advest	P.G. Corbin	2028	5.07%	41,350	41,570	-	9,805
Masonicare	B*	5/5/1998	Negotiated	Salomon Smith Barney	P.G. Corbin	2020	5.30%	10,670	11,085	-	-
Taft School, The	D*	5/6/1998	Negotiated	A.G. Edwards	PFM	2022	6.01%	16,577	17,060	-	-
Hopkins School, The	A*	6/18/1998	Negotiated	Paine Webber	PFM	2028	4.99%	9,772	10,000	-	-
Canterbury School	A*	8/12/1998	Negotiated	BankBoston	PFM	2028	5.16%	10,164	10,230	-	-
Charlotte Hungerford Hospital	C*	8/14/1998	Negotiated	BankBoston	PFM	2013	Variable	14,261	14,340	-	-
William W. Backus Hospital	E*	8/26/1998	Negotiated	Advest	P.G. Corbin	2022	4.99%	13,566	13,655	-	-
Fairfield University	H*	8/27/1998	Negotiated	J.P. Morgan	PFM	2028	5.70%	27,860	28,000	-	-
Salisbury School	A*	10/21/1998	Negotiated	A.G. Edwards	PFM	2028	4.81%	16,038	16,135	-	-
Sacred Heart University	E*	12/9/1998	Negotiated	Advest	PFM	2028	5.06%	75,488	76,020	-	-
Quinnipiac University	E*	12/22/1998	Negotiated	J.P. Morgan	P.G. Corbin	2028	4.81%	59,303	59,660	-	-
Charity Obligated Group-St. Vincent's	1999B*	2/4/1999	Negotiated	Salomon Smith Barney	P.G. Corbin	2029	Variable	45,000	45,000	-	-
Hebrew Home & Hospital	B*	2/4/1999	Negotiated	Herbert J. Sims	P.G. Corbin	2038	5.19%	19,053	19,215	-	-
Stamford Hospital	G*	3/24/1999	Negotiated	Merrill Lynch	P.G. Corbin	2014	4.99%	66,975	67,440	-	-
Stamford Hospital	H*	3/24/1999	Negotiated	Merrill Lynch	P.G. Corbin	2024	Variable	29,880	30,000	-	-
Norwalk Hospital	E* & F*	4/20/1999	Negotiated	First Union	PFM	2022	4.84%	31,238	31,480	-	-
Westminster School	B*	4/22/1999	Negotiated	A.G. Edwards	PFM	2029	4.96%	7,904	7,960	-	-

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Yale University	U-1&2	4/29/1999	Negotiated	Lehman Brothers	N/A	2033	Variable	249,503	250,000	-	250,000
Saint Joseph College	A*	5/5/1999	Negotiated	Roosevelt & Cross	PFM	2024	5.20%	11,360	11,400	-	-
Brunswick School	A*	5/20/1999	Negotiated	Merrill Lynch	P.G. Corbin	2029	5.00%	43,287	44,635	-	-
UCONN Foundation	A*	8/11/1999	Negotiated	Advest	PFM	2029	5.34%	7,925	8,000	-	-
Miss Porter's School	A*	9/1/1999	Negotiated	State Street	P.G. Corbin	2029	5.69%	9,931	10,000	-	-
Fairfield University	I*	9/9/1999	Negotiated	J.P. Morgan	PFM	2029	5.47%	66,490	70,000	-	-
Horace Bushnell Memorial Hall	A*	9/22/1999	Negotiated	Advest	PFM	2029	5.62%	14,887	15,000	-	-
Danbury Hospital	G*	9/29/1999	Negotiated	Roosevelt & Cross	PFM	2029	5.62%	41,754	43,240	-	-
Catholic Health East	F*	10/19/1999	Negotiated	Merrill Lynch	P.G. Corbin	2029	5.81%	17,927	18,610	-	-
Ascension Health	1999	11/1/1999	Negotiated	Salomon Smith Barney	P.G. Corbin	2029	Variable	44,375	44,500	1,400	27,140
Covenant Retirement Community	1999A*	12/2/1999	Negotiated	B.C. Ziegler	N/A	2029	Variable	9,916	10,040	-	-
Waterbury Hospital	C*	12/3/1999	Negotiated	First Union	PFM	2029	6.12%	26,474	27,140	-	-
SummerWood at University Park	A*	2/3/2000	Negotiated	Herbert J. Sims	Lamont Financial Services	2030	Variable	11,075	11,200	-	-
Gaylord Hospital	A*	2/22/2000	Negotiated	Fleet Securities	P.G. Corbin	2020	Variable	12,888	12,920	-	-
Eastern CT Health Network	A**	2/24/2000	Negotiated	PaineWebber	P.G. Corbin	2030	5.92%	58,029	58,170	905	8,235
Ethel Walker School	A*	3/1/2000	Negotiated	Gates Capital	PFM	2029	Variable	8,468	8,500	-	-
Community Renewal Team	A	3/16/2000	Negotiated	Fleet Securities	PFM	2019	Variable	4,290	4,325	255	1,365
Taft School, The	E	4/27/2000	Negotiated	A.G. Edwards	PFM	2030	Variable	11,944	12,000	-	12,000
Lauralton Hall	A*	6/14/2000	Ltd Public	Gates Capital	P.G. Corbin	2030	Variable	3,353	3,400	-	-
Connecticut College	D*	6/22/2000	Negotiated	Advest	P.G. Corbin	2030	6.54%	11,915	12,000	-	-
Marvelwood School	A*	6/29/2000	Negotiated	First Union	N/A	2030	Variable	5,482	5,535	-	-
Hotchkiss School	A	8/3/2000	Negotiated	State Street	Lamont Financial Services	2030	Variable	34,867	35,000	-	35,000
Hartford Hospital	B*	8/3/2000	Negotiated	Fleet Securities	PFM	2030	Variable	31,105	31,175	-	-
Rectory School	A*	11/9/2000	Negotiated	Gates Capital	Lamont Financial Services	2030	Variable	7,047	7,100	-	-
Westover School	A*	12/7/2000	Negotiated	Advest	P.G. Corbin	2030	5.70%	9,957	10,000	-	-
Edgehill Retirement Community	C*	12/13/2000	Negotiated	Merrill Lynch	P.G. Corbin	2027	Variable	21,641	22,000	-	-
Kent School	C*	2/15/2001	Negotiated	A.G. Edwards	PFM	2030	Variable	10,260	10,500	-	-
Trinity College	G*	3/28/2001	Negotiated	Advest	P.G. Corbin	2031	4.98%	49,399	50,000	-	-
Loomis Chaffee School	D*	5/23/2001	Negotiated	First Albany	Lamont Financial Services	2031	5.33%	27,561	27,625	-	-
Gunnery School, The	A*	5/24/2001	Negotiated	A.G. Edwards	PFM	2031	5.09%	10,956	11,455	-	-
Greenwich Academy	B*	5/31/2001	Negotiated	Salomon Smith Barney	PFM	2032	5.31%	31,603	32,920	-	-
United Methodist Home of Sharon	A*	6/1/2001	Negotiated	First Union	Lamont Financial Services	2031	Variable	7,671	7,740	-	-
Wesleyan University	D*	6/7/2001	Negotiated	Lehman Brothers	P.G. Corbin	2035	Variable	92,498	93,000	-	-
Yale University	V	7/12/2001	Negotiated	Lehman Brothers	N/A	2036	Variable	199,592	200,000	-	200,000
Middlesex Hospital	J*	7/25/2001	Negotiated	First Union	PFM	2026	Variable	11,815	11,895	-	-
Whitby School	A*	8/3/2001	Negotiated	Bank of New York	PFM	2021	Variable	6,000	6,000	-	-
Fairfield University	J*	8/7/2001	Negotiated	J.P. Morgan	PFM	2029	4.95%	17,280	18,000	-	-
Taft School, The	F*	9/20/2001	Negotiated	A.G. Edwards	PFM	2020	4.55%	11,405	11,480	-	-
Williams School	A*	10/18/2001	Negotiated	Advest	PFM	2031	Variable	5,445	5,500	-	-
Loomis Chaffee School	E*	10/25/2001	Negotiated	First Albany	Lamont Financial Services	2025	4.94%	11,308	11,155	-	-
Quinnipiac University	F*	10/31/2001	Negotiated	J.P. Morgan	P.G. Corbin	2031	Variable	58,293	60,000	-	-
Washington Montessori School	A*	11/30/2001	Negotiated	Wachovia Securities	Lamont Financial Services	2031	Variable	7,914	7,990	-	-
Bristol Hospital	B	1/8/2002	Negotiated	Cain Brothers	P.G. Corbin	2032	5.55%	35,880	38,000	985	26,835
Westminster School	C	2/20/2002	Negotiated	A.G. Edwards	PFM	2032	Variable	8,143	8,250	100	7,150
YMCA of Greater Hartford	A*	3/28/2002	Negotiated	State Street	PFM	2032	Variable	15,802	16,180	-	-
University of Hartford	E*	4/3/2002	Negotiated	Advest	Lamont Financial Services	2032	5.27%	72,627	75,000	-	-
Yale University	W*	5/14/2002	Negotiated	Lehman Brothers	N/A	2027	5.23%	87,358	89,520	-	-

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Health Care Capital Asset	A**	5/16/2002	Negotiated	Quick & Reilly	PFM	2031	Variable	36,029	36,110	-	-
Saint Francis Hospital	D*	5/17/2002	Negotiated	Wachovia Securities	P.G. Corbin	2022	4.92%	25,371	25,250	-	-
Kingswood-Oxford School	C	6/5/2002	Negotiated	Advest	Lamont Financial Services	2030	Variable	11,880	12,000	-	5,395
Connecticut College	E*	7/18/2002	Negotiated	Advest	P.G. Corbin	2032	4.81%	17,931	17,785	-	-
The Village for Families & Children	A*	11/8/2002	Negotiated	Wachovia Securities	P.G. Corbin	2033	4.94%	13,772	13,660	-	-
The Village for Families & Children	B*	11/8/2002	Negotiated	Wachovia Securities	P.G. Corbin	2032	4.94%	335	340	-	-
Middlesex Hospital	K*	11/15/2002	Negotiated	Wachovia Securities	Lamont Financial Services	2027	Variable	15,500	15,500	-	-
Klingberg Family	A*	12/4/2002	Negotiated	Quick & Reilly	PFM	2032	Variable	4,750	6,750	-	-
Yale University	X1*	1/8/2003	Negotiated	Goldman Sachs	N/A	2042	5.00%	100	100,000	-	-
Yale University	X2	1/8/2003	Negotiated	Goldman Sachs	N/A	2037	Variable	125	125,000	-	125,000
Yale University	X3***	1/8/2003	Negotiated	Goldman Sachs	N/A	2037	4.80%	125	125,000	-	125,000
Brunswick School	B*	4/30/2003	Negotiated	Merrill Lynch	Lamont Financial Services	2033	4.88%	17,863	17,500	-	-
Boys & Girls Club of Greenwich	A*	5/29/2003	Negotiated	Gates Capital	P.G. Corbin	2034	Variable	14,800	14,800	-	-
Wesleyan University	E*	7/17/2003	Negotiated	Lehman Brothers	P.G. Corbin	2038	Variable	61,665	62,000	-	-
King Low Heywood School	A*	8/27/2003	Negotiated	Gates Capital	Lamont Financial Services	2033	Variable	10,922	11,005	-	-
Central Connecticut Coast YMCA	A	9/11/2003	Negotiated	Advest	Lamont Financial Services	2033	Variable	4,433	4,500	140	3,055
Quinnipiac University	G*	11/18/2003	Negotiated	J.P. Morgan	P.G. Corbin	2023	Variable	16,214	16,340	-	-
Sacred Heart University	F	12/11/2003	Negotiated	Advest	PFM	2033	Variable	21,581	21,700	500	18,105
Salisbury School	B*	2/19/2004	Negotiated	Quick & Reilly	PFM	2034	Variable	5,469	5,510	-	-
Fairfield University	K*	4/14/2004	Negotiated	J.P. Morgan	PFM	2034	Variable	37,820	38,075	-	-
University of Hartford	F*	5/6/2004	Negotiated	Advest	Lamont Financial Services	2034	Variable	24,851	25,000	-	-
Connecticut Children's Medical Center	B*	5/13/2004	Negotiated	Advest	PFM	2021	1.05%	21,287	21,285	-	-
Connecticut Children's Medical Center	C*	5/13/2004	Negotiated	Advest	PFM	2018	Variable	22,510	23,700	-	-
Lawrence & Memorial Hospital	E*	6/24/2004	Negotiated	UBS Financial Services	PFM	2034	Variable	22,086	22,990	-	-
Greenwich Academy	C*	6/25/2004	Negotiated	Citigroup Global Markets	Lamont Financial Services	2037	Variable	11,676	11,770	-	-
Norwich Free Academy	A*	6/30/2004	Negotiated	Banc of America Securities	Lamont Financial Services	2034	4.91%	18,015	18,740	-	-
Trinity College	H	7/5/2004	Negotiated	Advest	P.G. Corbin	2026	4.74%	33,720	33,370	1,420	22,230
Eastern CT Health Network	B*	7/21/2004	Negotiated	Advest	P.G. Corbin	2034	Variable	20,000	20,000	-	-
Greenwich Academy	D*	9/16/2004	Negotiated	Citigroup Global Markets	Lamont Financial Services	2026	4.20%	15,366	15,490	-	-
Kent School	D	10/6/2004	Negotiated	Stifel, Nicolaus	Lamont Financial Services	2023	4.14%	22,697	21,725	1,155	12,750
Trinity College	I*	12/9/2004	Negotiated	Advest	P.G. Corbin	2034	Variable	15,000	15,000	-	-
Hospital of Saint Raphael	L*	12/16/2004	Negotiated	UBS Financial Services	PFM	2024	Variable	29,525	29,525	-	-
Hospital of Saint Raphael	M*	12/16/2004	Negotiated	UBS Financial Services	PFM	2024	Variable	30,420	30,420	-	-
Griffin Hospital	B	2/1/2005	Negotiated	Wachovia Securities	PFM	2023	4.56%	25,770	24,800	1,335	14,655
Eagle Hill School	A	5/11/2005	Negotiated	Gates Capital	P.G. Corbin	2035	Variable	5,990	5,990	155	4,845
Avon Old Farms School	A	5/12/2005	Negotiated	Banc of America Securities	P.G. Corbin	2034	Variable	21,670	21,670	-	-
Westminster School	D	6/1/2005	Negotiated	Stifel, Nicolaus	Lamont Financial Services	2026	4.06%	9,288	9,260	415	6,180
Ridgefield Academy	A	6/17/2005	Negotiated	Advest	Lamont Financial Services	2035	Variable	12,000	12,000	280	9,920
Greenwich Family YMCA	A*	8/4/2005	Negotiated	Gates Capital	Lamont Financial Services	2035	Variable	20,165	20,165	-	-
William W. Backus Hospital ***	F*	8/10/2005	Negotiated	UBS Financial Services	PFM	2035	5.03%	29,916	30,100	-	-
William W. Backus Hospital	G*	8/10/2005	Negotiated	UBS Financial Services	PFM	2035	4.63%	28,435	28,035	-	-
University of New Haven	E	8/17/2005	Negotiated	Wachovia Securities	Lamont Financial Services	2035	Variable	27,460	27,460	890	21,100
University of New Haven	F*	8/17/2005	Negotiated	Wachovia Securities	Lamont Financial Services	2021	4.05%	4,890	4,890	-	-
Wesleyan University	F*	9/1/2005	Negotiated	Lehman Brothers	P.G. Corbin	2040	Variable	48,000	48,000	-	-
Yale University	Y1	10/5/2005	Negotiated	Lehman Brothers	N/A	2035	4.83%	211,030	200,000	-	200,000
Yale University	Y2	10/5/2005	Negotiated	Lehman Brothers	N/A	2035	Variable	50,000	50,000	-	50,000
Yale University	Y3	10/5/2005	Negotiated	Lehman Brothers	N/A	2035	Variable	50,000	50,000	-	50,000

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Loomis Chaffee School	F	10/27/2005	Negotiated	First Albany	Lamont Financial Services	2031	4.59%	37,326	34,135	1,235	29,060
Fairfield University	L1*	11/3/2005	Negotiated	J.P. Morgan	Lamont Financial Services	2029	Variable	47,725	47,725	-	-
Fairfield University	L2*	11/3/2005	Negotiated	J.P. Morgan	Lamont Financial Services	2029	Variable	58,850	58,850	-	-
Eastern CT Health Network	C	11/9/2005	Negotiated	Advest	P.G. Corbin	2030	4.95%	37,579	37,065	785	32,625
Mansfield Center for Nursing and Rehabilitation	B*	12/15/2005	Negotiated	Herbert J. Sims	Lamont Financial Services	2022	Variable	7,095	7,095	-	-
Fairfield University	L1 2nd Tranche*	12/15/2005	Negotiated	J.P. Morgan	Lamont Financial Services	2029	Variable	10,000	10,000	-	-
Avon Old Farms School	B*	3/9/2006	Negotiated	Banc of America Securities	Lamont Financial Services	2035	Variable	7,000	7,000	-	-
Danbury Hospital	H	3/16/2006	Negotiated	Citigroup Global Markets	PFM	2036	4.49%	40,925	41,560	-	39,615
Danbury Hospital	I*	3/16/2006	Negotiated	UBS Financial Services	PFM	2036	Variable	40,000	40,000	-	-
Greenwich Hospital	B*	4/6/2006	Negotiated	UBS Financial Services	P.G. Corbin	2026	Variable	56,600	56,600	-	-
Yale-New Haven Hospital	I1*	4/7/2006	Negotiated	Lehman Brothers	PFM	2025	Variable	55,900	55,900	-	-
Yale-New Haven Hospital	I2*	4/7/2006	Negotiated	Lehman Brothers	PFM	2025	Variable	55,900	55,900	-	-
Miss Porter's School	B	6/16/2006	Negotiated	Stifel, Nicolaus	Lamont Financial Services	2036	4.69%	18,621	18,130	450	16,480
University of Hartford	G	6/22/2006	Negotiated	Advest	P.G. Corbin	2036	5.03%	50,375	50,000	1,105	43,455
Greenwich Adult Day Care	A*	6/29/2006	Negotiated	Gates Capital	N/A	2036	Variable	4,030	4,030	-	-
The Children's School	A	7/24/2006	Negotiated	Gates Capital	N/A	2036	Variable	6,835	6,835	165	5,460
Canterbury School	B	7/27/2006	Negotiated	Bank of America	PFM	2036	4.99%	11,814	11,805	90	11,245
University of New Haven	G	8/26/2006	Negotiated	Wachovia Bank NA	Lamont Financial Services	2036	Variable	15,797	15,890	610	12,110
Yale-New Haven Hospital	J-1*	9/25/2006	Negotiated	Lehman Brothers	PFM	2031	4.69%	184,574	174,430	-	-
Yale-New Haven Hospital	J-2*	9/25/2006	Negotiated	Lehman Brothers	PFM	2036	Variable	40,000	40,000	-	-
Yale-New Haven Hospital	J-3*	9/25/2006	Negotiated	Lehman Brothers	PFM	2036	Variable	66,425	66,425	-	-
Middlesex Hospital	L	12/7/2006	Negotiated	Wachovia Bank NA	P.G. Corbin	2036	4.54%	23,614	22,760	525	19,985
Middlesex Hospital	M***	12/7/2006	Negotiated	Wachovia Bank NA	P.G. Corbin	2027	4.50%	16,620	16,620	735	11,420
Quinnipiac University	H	12/13/2006	Negotiated	J.P. Morgan	PFM	2036	4.72%	72,974	67,495	-	67,495
UCONN Foundation	B	1/23/2007	Negotiated	A.G. Edwards	PFM	2029	4.19%	7,253	7,290	270	5,505
Trinity College	J	3/7/2007	Negotiated	RBC Dain Rauscher	Lamont Financial Services	2037	4.47%	49,541	49,805	-	49,805
Trinity College	K	3/7/2007	Negotiated	RBC Dain Rauscher	Lamont Financial Services	2037	4.32%	24,994	25,000	570	21,640
Greenwich Academy	E	3/22/2007	Negotiated	Citigroup Global Markets	Lamont Financial Services	2032	4.49%	30,457	26,435	685	25,750
Jerome Home	D	3/29/2007	Negotiated	Herbert J. Sims	P.G. Corbin	2036	Variable	11,895	11,895	265	10,370
Mulberry Gardens	E*	3/29/2007	Negotiated	Herbert J. Sims	P.G. Corbin	2036	Variable	4,155	4,155	-	-
Connecticut College	F	4/4/2007	Negotiated	RBC Dain Rauscher	P.G. Corbin	2030	4.31%	28,748	28,855	-	28,855
Connecticut College	G	4/4/2007	Negotiated	RBC Dain Rauscher	P.G. Corbin	2037	4.80%	12,127	12,000	-	12,000
The Stanwich School	A*	5/3/2007	Private	Merrill Lynch	N/A	2037	Variable	15,500	15,500	-	-
Griffin Hospital ***	C	5/15/2007	Negotiated	Wachovia Bank NA	PFM	2037	4.50%	23,125	23,125	575	21,000
Griffin Hospital ***	D	5/15/2007	Negotiated	Wachovia Bank NA	PFM	2037	4.50%	10,925	10,925	225	10,125
Chase Collegiate School	A	6/7/2007	Negotiated	Stifel, Nicolaus	P.G. Corbin	2037	4.80%	11,296	11,060	250	9,755
Choate Rosemary Hall	C*	6/21/2007	Negotiated	Lehman Brothers	PFM	2037	Variable	42,000	42,000	-	-
Hospital for Special Care	C	6/28/2007	Negotiated	RBC Dain Rauscher	P.G. Corbin	2037	5.12%	47,786	46,635	965	40,850
Hospital for Special Care	D*	6/28/2007	Negotiated	RBC Dain Rauscher	P.G. Corbin	2037	Variable	15,000	15,000	-	-
Gaylord Hospital	B	7/3/2007	Negotiated	Banc of America Securities	Lamont Financial Services	2037	Variable	21,530	21,530	760	17,010
Westover School	B	7/11/2007	Negotiated	RBC Capital	N/A	2030	Variable	9,180	9,180	325	7,280
University of Bridgeport	B*	8/10/2007	Negotiated	RBC Capital	N/A	2037	Variable	21,175	21,175	-	-
Renbrook School, The	A*	9/13/2007	Negotiated	Stifel, Nicolaus & Company	Lamont Financial Services	2037	4.83%	8,306	8,000	-	-
Yale University	Z1	10/4/2007	Negotiated	Lehman Brothers	N/A	2042	4.44%	414,292	400,000	-	400,000
Yale University	Z2***	10/4/2007	Negotiated	Lehman Brothers	N/A	2042	5.06%	100,000	100,000	-	100,000
Yale University	Z3***	10/4/2007	Negotiated	Lehman Brothers	N/A	2042	5.06%	100,000	100,000	-	100,000
Masonicare	C	10/31/2007	Negotiated	Merrill Lynch	P.G. Corbin & Co.	2037	Variable	81,065	81,065	1,865	70,100

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Masonicare	D*	10/31/2007	Negotiated	Merrill Lynch	P.G. Corbin & Co.	2037	Variable	35,000	35,000	-	-
SummerWood	B	11/7/2007	Negotiated	Herbert J. Sims & Co.	N/A	2037	Variable	17,055	17,055	385	15,665
Suffield Academy	B*	11/8/2007	Negotiated	Stifel, Nicolaus & Company	P.G. Corbin Group	2027	4.11%	13,048	12,640	-	-
Westminster School	E	11/9/2007	Negotiated	Stifel, Nicolaus & Company	Lamont Financial Services	2037	4.82%	19,983	19,230	200	18,690
Windham Hospital	D*	11/15/2007	Negotiated	Cain Brothers & Company	PFM	2037	7.50%	19,745	19,745	-	-
Quinnipiac University	I	12/20/2007	Negotiated	J.P. Morgan Securities	PFM	2028	3.55%	142,823	134,570	6,025	117,935
Quinnipiac University ***	J	12/20/2007	Negotiated	J.P. Morgan Securities	PFM	2037	5.23%	165,545	165,545	-	165,545
Quinnipiac University ***	K-1	12/20/2007	Negotiated	J.P. Morgan Securities	PFM	2031	4.69%	64,650	64,650	2,175	53,525
Quinnipiac University ***	K-2	12/20/2007	Negotiated	J.P. Morgan Securities	PFM	2028	4.63%	51,700	51,700	1,975	41,100
Pierce Memorial Baptist	A*	1/17/2008	Negotiated	Ziegler Capital Markets Group	N/A	2042	Variable	8,575	8,575	-	-
Choate Rosemary Hall	D	4/2/2008	Negotiated	Morgan Stanley	PFM	2037	Variable	42,415	42,415	1,060	36,055
St. Joseph College	B*	4/3/2008	Negotiated	RBC Capital	Lamont Financial Services	2038	Variable	15,000	15,000	-	-
Fairfield University	M	4/10/2008	Negotiated	J.P. Morgan Securities	Lamont Financial Services	2034	4.80%	39,446	39,440	1,620	29,235
Greenwich Hospital	C	5/7/2008	Negotiated	UBS Financial Services	N/A	2026	Variable	53,630	53,630	2,605	37,610
Yale New Haven	K-1*	5/14/2008	Negotiated	Lehman Brothers	PFM	2025	Variable	54,555	54,555	-	-
Yale New Haven	K-2*	5/14/2008	Negotiated	Lehman Brothers	PFM	2025	Variable	54,550	54,550	-	-
Yale New Haven	L-1*	5/14/2008	Negotiated	Lehman Brothers	PFM	2036	Variable	53,730	53,730	-	-
Yale New Haven	L-2*	5/14/2008	Negotiated	Lehman Brothers	PFM	2036	Variable	53,730	53,730	-	-
Salisbury School	C	5/22/2008	Negotiated	Stifel, Nicolaus & Company	P.G. Corbin Group	2038	4.73%	49,782	48,160	1,130	47,030
St. Francis Hospital	E	5/29/2008	Negotiated	Cain Brothers & Company	Lamont Financial Services	2027	6.11%	39,745	39,745	865	38,880
Mid State Medical Center	HEI B-1*	6/18/2008	Negotiated	Banc of America Securities	PFM	2038	Variable	30,000	30,000	-	-
Hopkins School	B	6/26/2008	Negotiated	Lehman Brothers	P.G. Corbin Group	2038	4.73%	9,240	9,240	205	8,320
Danbury Hospital	J*	6/27/2008	Negotiated	Wachovia Securites	PFM	2036	Variable	35,580	35,580	-	-
St. Francis Hospital	F*	6/30/2008	Negotiated	Cain Brothers & Company	Lamont Financial Services	2047	Variable	175,000	175,000	-	-
University of New Haven	H	7/2/2008	Negotiated	Wachovia	Lamont Financial Services	2038	Variable	46,000	46,000	1,040	42,205
Loomis Chaffee School	G	7/22/2008	Negotiated	RBC Capital	Lamont Financial Services	2038	4.95%	25,745	25,745	230	24,500
Hamden Hall	A	7/31/2008	Negotiated	RBC Capital	N/A	2038	Variable	18,235	18,235	445	16,590
Trinity College	L	8/5/2008	Negotiated	RBC Capital	N/A	2034	Variable	15,345	15,345	515	12,495
Hospital of Central Connecticut	A*	8/8/2008	Negotiated	RBC Capital	N/A	2024	Variable	33,690	33,690	-	-
Taft School, The	G	8/13/2008	Negotiated	Stifel, Nicolaus & Company	P. G. Corbin	2016	3.56%	16,905	16,905	2,805	5,605
Fairfield University	N	8/21/2008	Negotiated	J. P. Morgan	Lamont Financial Services	2029	4.73%	108,210	108,210	3,865	91,065
Greater Hartford YMCA	B*	12/1/2008	Negotiated	Bank of America	PFM	2038	Variable	26,580	26,580	-	-
Kent School	E*	12/17/2008	Negotiated	Stifel, Nicolaus & Company	N/A	2030	Variable	10,155	10,155	-	-
Taft School, The	H*	12/23/2008	Negotiated	Stifel, Nicolaus & Company	P. G. Corbin	2022	Variable	8,500	8,500	-	-
Eastern CT Health Network	D	5/14/2009	Private	RBC Capital	N/A	2039	Variable	15,228	15,250	325	13,495
Ethel Walker School	B	10/5/2009	Negotiated	Stifel, Nicolaus & Company	Acacia Financial	2039	6.05%	8,220	8,220	150	7,770
Hopkins School	C	12/10/2009	Negotiated	Stifel, Nicolaus & Company	Lamont Financial Services	2028	3.70%	7,930	7,930	370	6,370
Yale University	2010 A-1	2/24/2010	Negotiated	Barclays Capital	PFM	2025	4.26%	79,975	79,975	-	79,975
Yale University	2010 A-2	2/24/2010	Negotiated	Barclays Capital	PFM	2040	4.22%	150,000	150,000	-	150,000
Yale University	2010 A-3	2/24/2010	Negotiated	Barclays Capital	PFM	2049	4.22%	150,000	150,000	-	150,000
Yale University	2010 A-4	2/24/2010	Negotiated	Barclays Capital	PFM	2049	4.22%	150,000	150,000	-	150,000
Fairfield University	O	3/17/2010	Negotiated	J. P. Morgan	Lamont Financial Services	2040	5.03%	73,820	73,820	-	73,820
Fairfield University	P	3/17/2010	Negotiated	J. P. Morgan	Lamont Financial Services	2028	4.50%	11,095	11,095	320	9,555
Ascension Health	2010	3/25/2010	Negotiated	Morgan Stanley	N/A	2040	4.96%	93,265	93,265	-	93,265
Catholic Health East	2010	4/7/2010	Negotiated	Merrill Lynch	N/A	2029	4.71%	19,560	19,560	110	19,095
Westminster School	F	4/14/2010	Negotiated	Stifel, Nicolaus & Company	Lamont Financial Services	2029	4.04%	6,350	6,350	270	5,315
Wesleyan Univeristy	G	5/18/2010	Negotiated	Goldman Sachs	PFM	2039	Variable	186,475	186,475	-	186,475

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Wesleyan University	H	5/18/2010	Negotiated	Goldman Sachs	PFM	2040	Variable	20,105	20,105	-	20,105
Stamford Hospital	I	5/27/2010	Negotiated	Goldman Sachs	Acacia Financial	2030	4.80%	132,990	132,990	5,020	114,805
Trinity College	M	6/29/2010	Negotiated	Stifel, Nicolaus & Company	Public Financial	2028	4.10%	22,230	22,230	1,440	18,435
Hospital for Special Care	E	7/15/2010	Negotiated	RBC Capital	Lamont Financial Services	2041	Variable	20,185	20,185	590	9,960
St. Francis Hospital	G*	9/30/2010	Private	Cain Brothers & Company	N/A	2027	Variable	29,870	29,870	-	-
Mitchell College	A	11/2/2010	Private	RBC Capital	N/A	2040	Variable	14,300	14,300	309	12,992
University of Bridgeport	C	12/9/2010	Private	RBC Capital	N/A	2040	3.98%	30,000	30,000	634	27,640
Norwalk Hospital	G	12/9/2010	Private	Shattuck Hammond Partners LLC	N/A	2025	5.12%	25,000	25,000	1,410	19,970
Norwalk Hospital	H	12/9/2010	Private	Shattuck Hammond Partners LLC	N/A	2020	3.49%	10,040	10,040	980	6,405
Norwalk Hospital	I	12/9/2010	Private	Shattuck Hammond Partners LLC	N/A	2020	3.40%	11,800	11,800	1,155	7,515
Eastern CT Health Network	E	12/21/2010	Negotiated	RBC Capital	N/A	2034	Variable	20,145	20,145	490	17,090
Waterbury Hospital	D	12/22/2010	Private	RBC Capital	N/A	2020	4.54%	25,918	25,918	499	23,904
Yale New Haven	M*	12/22/2010	Negotiated	Barclays Capital	PFM	2040	5.44%	104,390	104,390	-	-
Seabury Retirement Community	A	12/23/2010	Private	Herbert J. Sims & Co.	N/A	2020	Variable	21,000	21,000	2,040	12,300
CIL Community Resources	A	6/9/2011	Negotiated	Prager, Sealy & Co. LLC	N/A	2041	Variable	12,020	12,020	210	8,985
Western CT Healthcare	K	6/17/2011	Private	Morgan Keegan & Company, Inc	N/A	2036	Variable	33,035	33,035	1,705	25,111
Sacred Heart University	G	6/29/2011	Negotiated	RBC Capital	Lamont Financial Services	2041	5.46%	43,905	43,905	1,000	41,045
Connecticut College	H-1	6/30/2011	Negotiated	RBC Capital	Lamont Financial Services	2041	4.99%	12,110	12,110	-	12,110
Connecticut College	H-2	6/30/2011	Negotiated	RBC Capital	Lamont Financial Services	2031	5.79%	3,985	3,985	140	3,590
Connecticut Children's Medical Center	D	6/30/2011	Private	Cain Brothers & Company	N/A	2032	Variable	41,580	41,580	1,350	37,330
Western CT Healthcare	L	7/13/2011	Private	Morgan Keegan & Company, Inc	N/A	2041	Variable	96,000	96,000	1,700	94,300
Western CT Healthcare	M	7/13/2011	Negotiated	Morgan Keegan & Company, Inc	Acacia Financial	2041	5.44%	46,030	46,030	-	46,030
Middlesex Hospital	N	7/26/2011	Negotiated	Piper Jaffray & Co.	PFM	2027	4.26%	37,360	37,360	2,270	30,790
Loomis Chaffee School	H	8/23/2011	Negotiated	RBC Capital	N/A	2024	3.72%	7,740	7,740	485	6,350
Lawrence & Memorial Hospital	F	9/15/2011	Negotiated	Morgan Stanley	PFM	2036	4.14%	58,940	58,940	2,835	50,595
Hartford HealthCare Corporation	A	9/29/2011	Negotiated	Citigroup Global Markets	N/A	2041	4.90%	254,730	254,730	3,135	251,595
Hartford HealthCare Corporation	B	9/29/2011	Negotiated	Merrill Lynch	N/A	2049	Variable	71,085	71,085	-	71,085
Western CT Healthcare	N	11/22/2011	Negotiated	Morgan Keegan & Company, Inc	Acacia Financial	2029	4.43%	39,880	39,880	1,535	38,345
Rectory School	B	1/5/2012	Private	George K. Baum & Company	N/A	2041	Variable	7,500	7,500	164	6,980
Sacred Heart University	H	2/14/2012	Negotiated	RBC Capital	Lamont Financial Services	2028	3.73%	47,740	47,740	2,045	41,265
Bushnell Memorial Hall	B	3/16/2012	Private	Stifel, Nicolaus & Company	N/A	2022	Variable	12,800	12,800	287	11,932
Brunswick School	C	3/19/2012	Negotiated	Bank of America Merrill Lynch	Acacia Financial	2033	3.76%	38,470	38,470	1,245	35,765
Connecticut College	I	4/4/2012	Negotiated	RBC Capital	PFM	2032	3.74%	12,240	12,240	975	9,850
Winston Preparatory School	A	4/13/2012	Private	Stifel, Nicolaus & Company	N/A	2022	Variable	11,378	11,378	257	11,121
University of Hartford	H	4/26/2012	Private	RBC Capital	N/A	2032	Variable	30,000	30,000	1,214	26,584
University of Hartford	I	4/26/2012	Private	RBC Capital	N/A	2032	2.85%	28,600	28,600	-	26,501
Greater Hartford YMCA	C	4/27/2012	Private	Union Bank, NA	N/A	2038	Variable	26,660	26,660	695	24,590
Bridgeport Hospital	D	5/31/2012	Negotiated	Barclays Capital	P. G. Corbin	2025	3.33%	36,415	36,415	2,330	32,020
Pomfret School	B-1	6/14/2012	Negotiated	Stifel, Nicolaus & Company	Lamont Financial Services	2037	4.59%	2,200	2,200	30	2,155
Pomfret School	B-2	6/14/2012	Negotiated	Stifel, Nicolaus & Company	Lamont Financial Services	2037	6.09%	15,550	15,550	205	15,260
Stamford Hospital	J	6/20/2012	Negotiated	Goldman Sachs	Lamont Financial Services	2042	4.83%	250,000	250,000	-	250,000
Westminster School	G	6/29/2012	Private	Stifel, Nicolaus & Company	N/A	2042	2.50%	6,125	6,125	140	5,780
Renbrook School, The	B	8/22/2012	Private	Stifel, Nicolaus & Company	N/A	2022	2.69%	8,600	8,600	264	7,868
Masonicare	E	9/5/2012	Private	Ziegler Capital Markets Group	N/A	2037	Variable	33,000	33,000	817	30,756
Gunnery School, The	B	9/28/2012	Private	Stifel, Nicolaus & Company	N/A	2022	2.65%	8,855	8,855	270	8,265
University of Bridgeport	D	11/2/2012	Private	RBC Capital	N/A	2042	Variable	12,000	12,000	-	12,000
Taft School, The	I	11/7/2012	Negotiated	Stifel, Nicolaus & Company	Lamont Financial	2032	2.58%	18,462	18,060	-	18,060

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Norwalk Hospital	J	12/7/2012	Private	Hammond Hanlon Camp LLC	N/A	2039	Variable	82,000	82,000	2,135	79,865
Canterbury School	C	12/28/2012	Private	Stifel, Nicolaus & Company	N/A	2036	Variable	7,160	7,160	-	7,160
Washington Montessori School	B	1/25/2013	Private	N/A	N/A	2036	Variable	6,339	6,339	-	6,065
Yale New Haven	N	2/14/2013	Negotiated	Barclays Capital	Acacia Financial	2048	3.43%	49,999	44,815	-	44,815
Yale New Haven	O	2/14/2013	Negotiated	Barclays Capital	Acacia Financial	2053	Variable	50,000	50,000	-	50,000
Norwich Free Academy	B	3/1/2013	Negotiated	Piper Jaffray & Co.	A.C. Advisory	2034	3.28%	15,770	14,640	490	13,915
Pierce Memorial Baptist	B	3/13/2013	Private	Ziegler Capital Markets Group	N/A	2038	3.44%	11,454	11,454	311	10,798
Kent School	F	3/28/2013	Private	Stifel, Nicolaus & Company	N/A	2038	2.82%	17,490	17,490	520	16,605
Forman School , The	B	3/28/2013	Private	Wye River Group, Inc.	N/A	2038	Variable	4,700	4,700	-	4,486
Ethel Walker School	C	4/3/2013	Private	Stifel, Nicolaus & Company	N/A	2040	Variable	8,665	8,665	240	8,425
UCONN Foundation	C	4/24/2013	Private	Wells Fargo	N/A	2023	1.90%	20,000	20,000	-	20,000
King Low Heywood School	B	4/30/2013	Private	N/A	A.C. Advisory	2033	2.17%	9,100	9,100	330	8,385
Day Kimball Hospital	B	6/6/2013	Private	Piper Jaffray & Co.	N/A	2043	5.78%	30,330	30,330	805	29,525
Yale University	2013A	7/2/2013	Negotiated	J.P. Morgan	N/A	2042	Variable	100,000	100,000	-	100,000
Williams School	B	8/13/2013	Private	N/A	N/A	2031	Variable	4,195	4,195	179	3,879
South Kent School	A	8/29/2013	Private	Stifel, Nicolaus & Company	N/A	2039	Variable	7,300	7,300	-	7,300
Saint Joseph Living Center	B	9/20/2013	Private	N/A	Fairmount	2023	Variable	5,000	5,000	425	4,240
Village for Families & Children	C	10/2/2013	Private	Fairmount	Fairmount	2032	Variable	9,987	9,987	-	9,719
Lawrence & Memorial Hospital	G	10/10/2013	Private	Morgan Stanley	Fairmount	2038	3.25%	30,000	30,000	825	29,175
University of New Haven	I	10/11/2013	Private	RBC	PFM	2040	Variable	28,670	28,670	-	28,670
Avon Old Farms School	C	11/1/2013	Private	Stifel, Nicolaus & Company	N/A	2036	4.16%	24,606	24,606	693	23,913
University of Saint Joseph	C	11/1/2013	Private	RBC	N/A	2038	Variable	10,800	10,800	-	10,631
University of Saint Joseph	D	11/1/2013	Private	RBC	N/A	2043	3.55%	10,800	10,800	-	10,726
Lawrence & Memorial Hospital	H	11/5/2013	Negotiated	Morgan Stanley	Fairmount	2034	Variable	21,405	21,405	-	21,405
Suffield Academy	C	11/20/2013	Private	Stifel, Nicolaus & Company	N/A	2038	Variable	13,750	13,750	388	13,217
University of New Haven	J	11/22/2013	Private	N/A	PFM	2033	Variable	10,000	10,000	445	9,555
Stanwich School	B	12/06/13	Private	Merrill Lynch	N/A	2037	Variable	10,000	10,000	8	9,992
Saint Francis Hospital	H	1/24/2014	Private	N/A	N/A	2043	3.04%	50,000	50,000	816	48,983
Saint Francis Hospital	I	1/24/2014	Private	N/A	N/A	2043	Variable	60,000	60,000	980	58,779
Saint Francis Hospital	J	1/24/2014	Private	N/A	N/A	2043	Variable	40,000	40,000	653	39,186
Saint Francis Hospital	K	1/24/2014	Private	N/A	N/A	2043	Variable	35,000	35,000	573	34,286
Saint Francis Hospital	L	1/24/2014	Private	N/A	N/A	2043	Variable	20,000	20,000	328	19,592
Saint Francis Hospital	M	1/24/2014	Private	N/A	N/A	2043	Variable	8,215	8,215	134	8,049
Xavier High School	A	2/14/2014	Private	N/A	N/A	2029	Variable	5,575	5,575	-	5,575
Hartford HealthCare Corporation	E	3/26/2014	Negotiated	Citigroup Global Markets	Fairmount	2042	4.82%	85,959	83,790	-	83,790
Yale-New Haven Hospital	A	6/23/2014	Negotiated	Barclays Capital	Acacia Financial	2034	4.14%	117,127	102,300	-	102,300
Yale-New Haven Hospital	B	6/23/2014	Negotiated	Barclays Capital	Acacia Financial	2049	Variable	168,275	168,275	-	168,275
Yale-New Haven Hospital	C	6/23/2014	Negotiated	Barclays Capital	Acacia Financial	2025	Variable	83,625	83,625	6,390	77,235
Yale-New Haven Hospital	D	6/23/2014	Negotiated	Barclays Capital	Acacia Financial	2048	Variable	108,275	108,275	-	108,275
Yale-New Haven Hospital	E	6/23/2014	Negotiated	Barclays Capital	Acacia Financial	2037	3.82%	91,157	\$80,935	2,225	78,710

Total Hospital, Education & Other

13,109,586	15,541,752	114,803	7,617,960
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Child Care Program

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
(CHEFA)
SCHEDULE OF INDEBTEDNESS
at June 30, 2014
(In Thousands of Dollars)

<u>Issue</u>	<u>Series</u>	<u>Date</u>	<u>Type</u>	<u>Underwriter/Placement Agent</u>	<u>CHEFA Financial Advisor</u>	<u>Final Maturity</u>	<u>Interest Cost</u>	<u>Net Proceeds</u>	<u>Amount Issued</u>	<u>Outstanding</u>	
										<u>Current</u>	<u>Long-Term</u>
Child Care Program	A & B*	11/01/98	Negotiated	First Union	PFM	2028	5.02%	10,331	10,520	-	-
Child Care Program	C*	09/09/99	Negotiated	First Union	PFM	2029	5.61%	18,029	18,690	-	-
Child Care Program	D*	08/16/00	Negotiated	First Union	PFM	2029	5.59%	3,761	3,940	-	-
Child Care Program	E*	04/25/01	Negotiated	First Union	PFM	2030	5.09%	3,746	3,865	-	-
Child Care Program	F	12/20/06	Negotiated	Wachovia Bank NA	PFM	2036	4.71%	20,168	19,165	440	16,830
Child Care Program	G	10/23/08	Negotiated	Bank of America	Lamont Financial Services	2038	6.12%	16,875	16,875	305	15,525
Child Care Program	H	08/19/11	Negotiated	Piper Jaffray & Co.	Lamont Financial Services	2031	4.29%	28,840	28,840	1,360	24,720
New Opportunities for Waterbury	A*	05/13/98	Private	Greenwich Partners	N/A	2028	6.78%	4,706	5,795	-	-
Total Child Care Program								106,456	107,690	2,105	57,075
Special Capital Reserve Fund Program (SCRF)											
Noble Horizons	SCRF*	01/15/93	Negotiated	Herbert J. Sims	P.G. Corbin	2022	6.05%	6,270	6,435	-	-
Cherry Brook Nursing Center	SCRF	01/15/93	Negotiated	Herbert J. Sims	P.G. Corbin	2022	6.05%	9,154	9,380	440	4,340
Mansfield Center for Nursing and Rehabilitation	SCRF*	01/15/93	Negotiated	Herbert J. Sims	P.G. Corbin	2022	6.05%	9,807	10,045	-	-
St. Joseph's Living Center	SCRF	01/15/94	Negotiated	Herbert J. Sims	P.G. Corbin	2019	5.08%	13,070	13,385	-	-
Sharon Health Care	SCRF*	04/01/94	Negotiated	Herbert J. Sims	P.G. Corbin	2021	6.28%	8,832	8,975	-	-
St. Joseph's Manor	SCRF*	07/01/94	Negotiated	Herbert J. Sims	P.G. Corbin	2016	6.24%	12,632	12,805	-	-
Pope John Paul II Center for Health Care	SCRF*	07/01/94	Negotiated	Herbert J. Sims	P.G. Corbin	2013	6.11%	9,361	9,450	-	-
St. Camillus Health Center	SCRF*	07/01/94	Negotiated	Herbert J. Sims	P.G. Corbin	2018	6.27%	13,819	14,020	-	-
Jewish Home for the Elderly	SCRF*	08/15/94	Negotiated	Herbert J. Sims	P.G. Corbin	2020	6.28%	7,591	7,750	-	-
Wadsworth Glen	SCRF*	10/13/94	Negotiated	Herbert J. Sims	P.G. Corbin	2016	7.55%	7,403	7,445	-	-
Highland View Manor	SCRF*	10/13/94	Negotiated	Herbert J. Sims	P.G. Corbin	2016	7.52%	9,955	10,010	-	-
AHF Hartford	SCRF*	11/15/94	Negotiated	J. P. Morgan/ US Sec	P.G. Corbin	2024	7.40%	43,880	45,495	-	-
AHF Windsor	SCRF*	11/15/94	Negotiated	J. P. Morgan/ US Sec	P.G. Corbin	2024	7.35%	15,439	16,020	-	-
New Horizons Village	SCRF	11/15/94	Negotiated	Herbert J. Sims	P.G. Corbin	2016	7.15%	9,975	10,050	795	1,595
Maefair Health Care	SCRF*	06/15/94	Negotiated	Herbert J. Sims	P.G. Corbin	2024	9.15%	12,688	12,705	-	-
Shady Knoll	SCRF*	09/01/94	Negotiated	Herbert J. Sims	P.G. Corbin	2024	8.83%	10,410	10,460	-	-
Laurelwood	SCRF*	11/15/94	Negotiated	Herbert J. Sims	P.G. Corbin	2024	9.35%	13,766	13,800	-	-
Sheriden Woods	SCRF*	03/15/95	Negotiated	Herbert J. Sims	P.G. Corbin	2017	8.70%	9,925	9,915	-	-
Abbott Terrace Health Center	SCRF*	04/15/96	Negotiated	Herbert J. Sims	P.G. Corbin	2014	6.41%	13,235	13,430	-	-
3030 Park Fairfield	SCRF*	05/15/96	Negotiated	Herbert J. Sims	P.G. Corbin	2021	6.90%	18,383	18,825	-	-
Connecticut State University System	A**	11/05/95	Competitive	First Albany	PFM	2015	5.12%	44,449	44,580	-	-
Connecticut State University System	B**	03/15/97	Competitive	Merrill Lynch	PFM	2017	5.31%	38,757	38,995	-	-
Connecticut State University System	C**	11/01/99	Competitive	Merrill Lynch	PFM	2019	5.20%	22,394	23,000	-	-
Connecticut State University System	D**	03/26/02	Competitive	Goldman Sachs	PFM	2022	4.73%	76,879	76,150	-	-
Connecticut State University System	E**	05/29/03	Competitive	CitiGroup Global Market	PFM	2033	4.35%	146,897	142,090	-	-
Connecticut State University System	F**	02/18/04	Competitive	CitiGroup Global Market	PFM	2015	3.38%	53,303	49,475	2,140	5,085
Connecticut State University System	G**	06/17/05	Competitive	Wachovia Bank, NA	PFM	2035	3.94%	51,108	50,595	1,955	26,635
Connecticut State University System	H	06/17/05	Competitive	CitiGroup Global Market	PFM	2019	4.10%	53,285	48,515	10,870	33,540
Connecticut State University System	I	04/18/07	Competitive	Wachovia Bank, NA	PFM	2033	4.20%	62,416	62,760	105	62,135
Connecticut State University System	J	06/22/11	Competitive	Wells Fargo	PFM	2031	3.59%	27,644	27,035	1,090	23,875
Connecticut State University System	K	06/22/11	Competitive	Wells Fargo	PFM	2019	2.26%	15,760	14,010	5	13,995
Connecticut State University System	L	04/04/12	Competitive	Bank of America Merrill Lynch	PFM	2029	3.26%	47,395	47,395	15	47,235
Connecticut State University System	M	01/10/13	Competitive	J. P. Morgan/ US Sec	PFM	2032	3.71%	39,655	34,060	1,140	32,055
Connecticut State University System	N	10/23/2013	Competitive	Competitive	PFM	2033	3.94%	89,171	80,340	2,555	77,785
Total SCRF (SCRF total represents a contingent liability of the State of Connecticut)								1,024,708	999,400	21,110	328,275
Total CHEFA Issued Debt								14,240,750	16,648,842	138,018	8,003,310

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
(CHEFA)
SCHEDULE OF INDEBTEDNESS
at June 30, 2014
(In Thousands of Dollars)

<u>Issue</u>	<u>Series</u>	<u>Date</u>	<u>Type</u>	<u>Underwriter/Placement Agent</u>	<u>CHEFA Financial Advisor</u>	<u>Final Maturity</u>	<u>Interest Cost</u>	<u>Net Proceeds</u>	<u>Amount Issued</u>	<u>Outstanding Current</u>	<u>Outstanding Long-Term</u>
Summary of Indebtedness at June 30, 2013									<u>Amount Issued</u>	<u>Outstanding Current</u>	<u>Outstanding Long-Term</u>
Health, Education & Other									15,541,752	114,803	7,617,960
SCRF - Nursing Home									260,400	1,235	5,935
SCRF - Connecticut State University									739,000	19,875	322,340
Childcare									107,690	2,105	57,075
Total CHEFA Debt Outstanding									16,648,842	138,018	8,003,310
											8,141,328

CHEFA
Loans, Grants, or Services in excess of \$5,000
General Account Disbursements
Fiscal Year Ended June 30, 2014

Vendor

A & A Office Systems Inc	IHS Global, Inc.
Access Agency, Inc.	Interap Network Services
Accountemps	United States Treasury
ADP, Inc.	JP Morgan Chase Bank
Aniello Associates, Inc.	Kids In Crisis, Inc.
The Bancorp Bank HSA	Local Initiatives Support
The Bank of New York Mellon	Malta House of Care, Inc.
Bloomberg Finance L.P.	Masonicare Home Health
Bank of America	North End Action Team
Bank of America	New Horizons
Bristol Hospital & Health	New Horizons, Inc.
CBIA Health Connections	New London Homeless Hosp.
CT Business Systems	The Open Hearth Association
CDW Government, Inc.	The Open Door Shelter, Inc
CHEFA (Flex Spending Accounts)	People's United Bank
Childcare Learning Centers	People's United Bank
Clifford W. Beers Guidance	Person to Person Inc.
Charter Oak Federal Credit	Principal Mutual Life
Community Partners In Action	Reliance Standard
Community Soup Kitchen, Inc.	Reliance Standard Life
CT Council for Philanthropy	RMI Associates, LLC
CT Independent College & Universities	Ridgefield Visiting Nurse
Connecticut Children's Medical	Saslow Lufkin & Buggy, LLP
Day Kimball Healthcare	Shelter for the Homeless
Eagle Hill Foundation, Inc	Suburban Stationers Inc
Easter Seals Capital Region	Thames Valley Council
Episcopal Social Services	United Cerebral Palsy Assoc,
Estuary Council of Seniors	University of New Haven
Fellowship Place, Inc.	US Bank
Torrington Chapter of FISH	Verizon Business
Foodshare, Inc.	Verizon Business
GreatAmerica Leasing Corp	The Village for Families
Gaylord Hospital	VNA Health Care Inc
Gilead Community Services	Western Connecticut
Greater Waterbury Interfaith	Wellmore, Inc.
Hartford Square North	Wellspring Foundation, Inc
Hartford Hospital	Willis of Connecticut, LLC
Hewlett-Packard Co.	Yale University
Hands on Hartford, Inc.	Yale-New Haven Hospital
Homes With Hope, Inc.	

CHEFA
Loans, Grants, or Services in excess of \$5,000
Construction Fund Account Disbursements
Fiscal Year Ended June 30, 2014

Vendor

AAIS Corporation	F.A. Hesketh
All-Phase Enterprises, Inc	Fairmount Capital Advisors
All State Construction, Inc.	Fidelity National Title Inc
Alston & Bird LLP	First American Title Ins.
Ameresco, Inc.	Fitch Ratings
ATM Restoration Systems	Forman School
Automated Building Systems	Garrity Asphalt Reclaiming
Avon Old Farms School	G. Donovan Associates, Inc
Balch & Bingham, LLP	G.L. Capasso, Inc.
Bartholomew Company, Inc.	GreenbergTraurig
Bestech Inc. of Connecticut	Guerrera Construction Company
BL Companies, Inc.	Gunnery School
BlumShapiro	Harris Beach PLLC
John Boyle Company, Inc.	Hawkins Delafield & Wood
Bridgeport Hospital	Hinckey Allen & Snyder, LLC
Butler Woodcrafters, Inc.	Hoffman Architects, Inc.
Calvert Safe & Lock, LTD	Holzner Electric Construction
Cameron & Mittleman, LLP	Hartford Healthcare
Carmody & Torrance	H.V. Contractor Corp.
The CBORD Group, Inc.	ImageMaster
Connecticut Boiler Repair	Independent Materials Test
CT Children's Medical Center	International Building
Central Mechanical Service	J.A. Rosa Construction, LLC
CHA	Johnson Controls, Inc.
Chase Glass Company	Kaufman, Hall & Associates
Consulting Engineering	Kent School
Creative Office Interiors	La Rosa Building Group, LLC
Day Kimball Hospital	Martin Laviero Contractor,
Day Pitney, LLP	Lawrence & Memorial
Dell Marketing, LP	Logicalis
Diggs Construction, LLC	Masonicare
Dimeo Construction Company	Mazzarella Builders
Downes Construction Co LLC	McCarter & English, LLP
Electronic Security & Control	Meehan & Goodin, Engineers
Epic Systems Corporation	Mercury Cabling Systems, LLC
ePlus Technology, Inc.	Mercury Electric, LLC
Ernst & Young LLP	Midstate Tractor & Equipment
Ethel Walker School	Milone & MacBroom, Inc.
Executive Landscaping	Mintz Levin Cohn Ferris P.C.

CHEFA
Loans, Grants, or Services in excess of \$5,000
Construction Fund Account Disbursements
Fiscal Year Ended June 30, 2014

Vendor

Moody's Investor Service	State of CT; Correctional
Morgan Stanley	Stewart & Stevenson Power
Moser Pilon Nelson Architect	Stewart Title Guaranty Company
Murtha Cullina LLP	Saint Francis Hospital
Newington Electric Company	Stifel, Nicolaus & Co, Inc
Nixon Peabody	St Joseph's Living Center
Northeast Electrical	Strategic Building Solutions
Northeast Flooring & Kitchen	Suffield Academy
Norwalk Hospital	Sun Services, LLC
Norwich free Academy	Symmes Maini & McKee
Oak Park Architects LLC	Tabacco & Son Builders, Inc
OFI Contract Interiors	Taft School
Park Roway, Inc.	Tai Soo Kim Partners
People's United Bank	TD Bank
PFM Asset Managment LLC	The Village for Families and Children
PPL SavageALERT, Inc.	ThyssenKrupp Elevator Corp
PriceWaterhouseCoopers LLP	Tighe & Bond, Inc.
Pullman & Comley LLC	Tilcon Connecticut, Inc.
RBC Capital Markets	Trane U.S. Inc
Rectory School	UConn Foundation, Inc.
Reid and Riege, P.C.	University of Hartford
Rizzo Corporation	Union Bank, NA
Robinson & Cole	Unistress Corporation
Sacred Heart University	University of Bridgeport
Shipman & Goodwin	University of Saint Joseph
Siemens Industry, Inc.	Updike, Kelly & Spellacy
Sign Lite, Inc.	US BANK
Sign Pro, Inc	Vaz Quality Works
Simplex Grinnell, LLP	Western CT Health Network
The S/L/A/M Collaborative	Webster Bank
South Kent School	Wiggin & Dana
Spectrum Floors, Inc.	Williams School
Stamford Hospital	Winston Preparatory School
Standard & Poors	Wye River Group
Stanwich School	Xavier High School
State of CT; Dept of Constr Svc	

C H E F A
Loans, Grants or Services Over \$5,000
Bonds Issued
Fiscal Year Ended June 30, 2014

<u>Institution</u>	<u>Series</u>	<u>Amount</u>
Yale University	2013A	100,000,000
Williams School	B	4,195,000
South Kent School	A	7,300,000
Saint Joseph's Living Center	B	5,000,000
Village for Families & Children	C	9,987,000
Lawrence & Memorial Hospital	G	30,000,000
University of New Haven	I	28,670,000
Connecticut State University System	N	80,340,000
Avon Old Farms School	C	24,606,000
University of Saint Joseph	C	10,800,000
University of Saint Joseph	D	10,800,000
Lawrence & Memorial Hospital	H	21,405,000
Suffield Academy	C	13,750,000
Univeristy of New Haven	J	10,000,000
Stanwich School	B	10,000,000
Saint Francis Hospital	H	50,000,000
Saint Francis Hospital	I	60,000,000
Saint Francis Hospital	J	40,000,000
Saint Francis Hospital	K	35,000,000
Saint Francis Hospital	L	20,000,000
Saint Francis Hospital	M	8,215,000
Xavier High School	A	5,575,000
Hartford Healthcare Corporation	E	83,790,000
Yale-New Haven Health Services Corp.	A	102,300,000
Yale-New Haven Health Services Corp.	B	168,275,000
Yale-New Haven Health Services Corp.	C	83,625,000
Yale-New Haven Health Services Corp.	D	108,275,000
Yale-New Haven Health Services Corp.	E	80,935,000

CHEFA Budget Summary
Budget for the Twelve Months Ending June 30, 2015

	FYE June 30, 2013 Actual	FYE June 30, 2014 Budget	** FYE June 30, 2014 Proj Actual	* FYE June 30, 2015 Budget
Revenues				
CHEFA Fees	\$ 7,110,159	\$ 6,877,279	\$ 7,237,906	\$ 7,281,959
Investment Income	14,235	18,075	8,621	17,234
Up-Front fees	158,461	20,000	75,000	30,000
CHESLA Support Services & Overhead	110,492	154,921	154,921	149,587
Misc Income & Recovery	130,121	0	19,222	0
Total Revenues	\$ 7,523,468	\$ 7,070,274	\$ 7,495,670	\$ 7,478,779
Expenses				
Compensation	\$ 2,162,626	\$ 2,259,052	\$ 2,146,372	\$ 2,250,047
Employee Benefits	682,097	748,469	715,216	756,967
General and Administrative	523,629	539,361	516,014	510,595
Depreciation	85,527	96,349	75,220	75,905
Business Education, Board and Reimbursable	26,885	53,825	34,439	52,925
Membership Dues	11,032	13,535	12,133	13,855
Outside Services	67,959	107,093	52,475	177,485
Total Expenses	\$ 3,559,755	\$ 3,817,683	\$ 3,551,869	\$ 3,837,779
Excess Revenue from Operations	\$ 3,963,713	\$ 3,252,591	\$ 3,943,801	\$ 3,641,000
Program Related Expense ***	2,609,293	2,314,040	3,342,796	3,305,940
Excess Revenue before Transfers	\$ 1,354,420	\$ 938,551	\$ 601,005	\$ 335,060
Transfer to State of Connecticut	0	0	0	0
Total Excess Revenue	\$ 1,354,420	\$ 938,551	\$ 601,005	\$ 335,060
Benefit % to Compensation	31.54%	33.13%	33.32%	33.64%

* Revised: Reflects additional \$55,000 allocated for the Search Consultants and resulting reduction in investment income.

** Projected Actual 2014 is based on Actual Financials as of March 31, 2014, plus 3 months of updated projected amounts.

*** Projected Actual 2014, Program Related Expenses includes an additional \$1M in Grant Expense, pending Board Approval

CHEFA Salary & Benefits Expense
Budget for the Twelve Months Ending June 30, 2015

	FYE June 30, 2013 Actual	FYE June 30, 2014 Budget	FYE June 30, 2014 Proj Actual	FYE June 30, 2015 Budget
Staff Compensation (inc Labor Grade)	\$ 2,162,626	\$ 2,259,052	\$ 2,127,711	\$ 2,250,047
Bonus Pool	0	0	0	0
Temporary Salaries	0	0	18,661	0
Total Compensation	\$ 2,162,626	\$ 2,259,052	\$ 2,146,372	\$ 2,250,047
Payroll Taxes	\$ 153,373	\$ 158,071	\$ 149,623	\$ 156,515
Medical & Life Insurance				
CBIA Medical w/CBIA Life	186,446	239,796	211,593	241,944
Deductible Funding HSA (CHEFA)	49,712	52,500	54,356	56,250
Less: CBIA Co-insurance	(42,138)	(55,258)	(49,230)	(57,360)
Net Medical Insurance	194,020	237,038	216,719	240,834
 CHEFA Alternative Insurance	 13,534	 11,200	 11,666	 11,200
 Life Insurance	 9,226	 9,428	 8,701	 9,354
Dental	25,512	25,803	28,976	33,298
Total Medical, Life Insurance & Other	242,292	283,469	266,062	294,686
Pension				
Contributions	216,060	225,905	212,065	225,005
Administrative Fee	6,006	6,600	6,027	6,006
Pension	222,066	232,505	218,092	231,011
Flex Spending Account Administrative Fee	0	0	1,457	2,162
457 Plan & Administrative Fee	30,718	30,200	30,450	31,055
Vacation	7,711	5,000	22,000	8,000
Disability Insurance - Long Term	8,573	9,031	8,831	9,216
Disability Insurance - Short Term	9,259	9,939	9,002	9,584
Workers Compensation	4,822	5,254	4,699	4,738
Tuition	3,283	15,000	5,000	10,000
Total Employee Benefits	682,097	748,469	715,216	756,967
Total Employment	\$ 2,844,723	\$ 3,007,521	\$ 2,861,588	\$ 3,007,014
	31.54%	33.13%	33.32%	33.64%

CHEFA Non Salary Expense
Budget for the Twelve Months Ending June 30, 2015

	FYE June 30, 2013 Actual	FYE June 30, 2014 Budget	FYE June 30, 2014 Proj Actual	FYE June 30, 2015 Budget
Lease & Storage				
Lease - Office Space	\$ 236,130	\$ 221,634	\$ 224,442	\$ 214,882
Lease - Common area fee	8,593	3,816	0	3,412
Offsite Storage & Filesanywhere (electronic storage)	7,242	10,500	6,450	8,500
Total Lease & Storage	251,965	235,950	230,892	226,794
Business Insurance				
Office Package	6,108	7,383	6,383	6,605
Cyber Policy	0	5,000	650	748
Fiduciary, Performance Bond, Crime & Terrorism	3,114	3,420	2,359	1,151
Lawyers Professional Liability	1,420	0	0	0
Directors and Officers Liability / Public Officials Policy	71,048	57,851	54,877	63,107
Total Business Insurance	81,690	73,654	64,269	71,611
Office Supplies and Non Capital Equipment				
General Office/Computer/Network & Printer supplies	10,518	10,000	11,103	10,000
Non-Capital furniture, Equipment & Software Licensing	7,303	11,375	11,562	2,750
Total Office Supplies and Non Capital Equip	17,821	21,375	22,665	12,750
Communications: Telephone & Internet				
Phone (Verizon or prior yrs-ATT) & Data Svc & Conferencin	18,621	22,152	19,046	18,972
Cable TV (ComCast)	0	0	0	0
Business Continuity (CLAR svc)	0	0	0	0
Website Development/Web Hosting/Email	707	1,260	578	1,595
Bloomberg - Securities	23,700	24,000	23,951	24,000
Total Communications: Phone & Internet	43,028	47,412	43,575	44,567
Postage Expense				
Postage & Courier Expense	5,296	5,500	4,417	5,500
Postage -Ascom meter rental & New Eng. Mail Mach.	3,143	3,500	2,893	2,639
Total Postage Expense	8,439	9,000	7,310	8,139
Maintenance Service & Contracts				
Copiers - Leases & Network Charge	16,714	19,600	16,820	16,363
Copiers - Usage	3,105	7,512	5,192	7,812
Copiers - Miscellaneous Maintenance & Taxes	0	0	0	0
Printer, Fax & Phone Support	6,369	3,615	2,708	4,573
Co-location Svcs and Point to Point T1 (Bus Continuity)	27,662	37,180	49,297	21,503
Plant Service	2,139	2,700	2,623	2,700
Maintenance (Systems, Software & General)	9,971	17,641	11,168	23,904
Total Maintenance Service & Contracts	65,960	89,248	87,808	76,854
Publications & Resource Materials	6,201	6,997	6,834	7,130
Bond Issuance Cost	26,004	15,000	19,082	20,000

CHEFA Non Salary Expense
Budget for the Twelve Months Ending June 30, 2015

	FYE June 30, 2013 Actual	FYE June 30, 2014 Budget	FYE June 30, 2014 Proj Actual	FYE June 30, 2015 Budget
Marketing Costs				
Signs	650	3,500	3,300	3,500
Brochures	0	0	0	0
Client Conferences & Education	0	5,000	7,581	7,500
Advertising and Miscellaneous	0	6,000	0	6,000
Total Marketing Costs	650	14,500	10,881	17,000
Miscellaneous				
Kitchen supplies, soda, Sam's Club	4,403	5,000	5,193	5,000
ADP Payroll Service	3,063	3,500	3,146	3,500
Triple Springs Water Cooler	1,269	2,500	993	1,250
Staff Activities - Holiday, Summer & Team Building	1,265	1,325	1,236	2,500
Bank Fees & Safe Deposit Box	6,220	7,400	5,041	6,000
Acknowledgement Fund	1,393	500	2,326	1,500
Miscellaneous	258	1,000	483	1,000
Total Miscellaneous	17,871	21,225	18,418	20,750
Contributions	4,000	5,000	4,279	5,000
CT Forum	0	to Grants	0	0
CHA Annual Meeting		0	0	0
Foodshare	1,500	1,500	1,500	1,500
VNA Golf Tournament	2,500	2,500	1,750	2,500
Miscellaneous	0	1,000	1,029	1,000
Total Contributions	4,000	5,000	4,279	5,000
Total General and Administrative Expenses	\$ 523,629	\$ 539,361	\$ 516,014	\$ 510,595

CHEFA Non Salary Expense
Budget for the Twelve Months Ending June 30, 2015

	FYE June 30, 2013 Actual	FYE June 30, 2014 Budget	FYE June 30, 2014 Proj Actual	FYE June 30, 2015 Budget
Depreciation	\$ 85,527	\$ 96,349	\$ 75,220	\$ 75,905
Employee Reimbursable				
Staff Business expenses	5,248	6,000	3,320	3,500
Validated Parking	751	1,000	539	600
Cellular Data Plan Services	316	1,500	0	0
Total Employee Reimbursable	6,315	8,500	3,859	4,100
Board Expense				
Monthly Board Lunches	1,594	2,600	1,844	2,600
Board Business expenses	1,154	1,200	1,157	1,200
Total Board Expense	2,748	3,800	3,001	3,800
Conference & Education Expense				
Conferences (including expenses)	11,387	22,900	9,604	23,900
End User Education (non tuition, computer and other)	6,435	20,750	15,750	20,750
Total Conference & Education Expense	17,822	43,650	25,354	44,650
Education - Board	0	375	0	375
Total Business Education, Board and Reimbursable	\$ 26,885	\$ 56,325	\$ 32,214	\$ 52,925
Memberships Dues	\$ 11,032	\$ 13,535	\$ 12,133	\$ 13,855

CHEFA Non Salary Expense
Budget for the Twelve Months Ending June 30, 2015

	FYE June 30, 2013 Actual	FYE June 30, 2014 Budget	FYE June 30, 2014 Proj Actual	FYE June 30, 2015 Budget
Accounting Systems				
Special programming-Accounting	3,157	10,000	7,657	10,000
Service Contract-Accounting	5,496	3,352	3,133	3,352
Total Accounting Systems	8,653	13,352	10,790	13,352
Consultant Others				
Placement Fees - Staff		0	419	2,000
Arbitrage Calculation, Review or Legal	17,500	32,500	0	20,000
Other - Consultant	11,602	20,000	10,000	100,000
Consultant - Others	29,102	52,500	10,419	122,000
Legal	1,329	10,000	1,526	10,000
Audit				
Independent Auditors	28,875	29,741	29,740	30,633
State Audit	0	1,500	0	1,500
Annual Report		0	0	0
Total Accounting, Audit, Consultants & Other	\$ 67,959	\$ 107,093	\$ 52,475	\$ 177,485
Program Related Expense				
Provision for Uncollectibles	17,664	0	32,156	0
 Transfer of Reserves - Due to State of CT	0	0	0	0
 Grant Programs				
Non Client	1,232,783	1,000,000	1,008,192	1,500,000
Client	1,034,469	1,000,000	2,000,000	1,500,000
Subsidy - Target Investment		0	0	0
ECE Grant (prior Malpractice Grant)		0	0	0
Grant Programs	2,267,252	2,000,000	3,008,192	3,000,000
 Child Care Programs				
Guar. Loan Fund - Administrative Expense	153,703	142,140	142,140	142,140
Guar. Loan Fund Investment Earnings	(1,937)	(3,100)	(1,277)	(1,200)
Net Guaranteed Loan Fund Expense	151,766	139,040	140,863	140,940
 3% Child Care Interest Subsidy	172,611	175,000	161,585	165,000
Child Care Programs	324,377	314,040	302,448	305,940
 Total Program Related Expense	\$ 2,609,293	\$ 2,314,040	\$ 3,342,796	\$ 3,305,940

CHEFA Revenue Budget FY 2015

	Ref.	New Money	Totals	Jul-14	Aug-14	Sep-14	Oct-14	Nov-14	Dec-14	Jan-15	Feb-15	Mar-15	Apr-15	May-15	Jun-15
Estimated Closings FY 2015			6												
Up-Front Fees (Closings @ \$5,000 each)			30,000												
CHEFA Fees Income (@ 9 basis points)															
Yale New Haven		90,000,000	90,000,000	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750	6,750
Dmcaster		10,000,000	10,000,000												
Connecticut College		12,500,000	12,500,000												
Our Piece of the Pie		4,000,000	4,000,000												
Sacred Heart University		50,000,000	50,000,000												
Issue #1		50,000,000	50,000,000												
Issue #2		50,000,000	50,000,000												
Projected Closings through FYE 2015															
		266,500,000	266,500,000												
	Full 12 months	239,850	177,750	6,750	6,750	7,800	7,800	16,238	16,238	16,238	19,988	19,988	19,988	19,988	19,988
	Partial Year (2015)														
Bond Issues - Current Portfolio (Reg, CSU & Childcare) Net of potential Redeemed Issues*			7,095,249	591,271	591,271	591,271	591,271	591,271	591,271	591,271	591,271	591,271	591,271	591,271	591,271
Bond Issues - Current Portfolio (SCRE Nursing Home)			8,960	747	747	747	747	747	747	747	747	747	747	747	747
Total FY 2015 Accrued CHEFA Fees			7,281,959	598,767	598,767	599,817	599,817	608,255	608,255	608,255	612,005	612,005	612,005	612,005	612,005
Average Investment balance	\$	17,233,987	0.100%	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436
Total Estimated Interest Income			\$17,234	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436	1,436
Total FYE 2015 Revenue Budget			\$7,329,192	600,204	600,204	601,254	601,254	609,691	609,691	609,691	613,441	613,441	613,441	613,441	613,441

CHEFA Budget
Capital Budget for the Twelve Months Ending June 30, 2015

<u>Item</u>	<u>Total Cost</u>	<u>Useful Life</u>	<u>FY 2015 Depreciation</u>
Current Depreciation Schedule for FYE June 2015			61,386
<u>Additions:</u>			
<u>Capital (Hardware)</u>			
Computers, Services and IT related	75,500	5	7,550
		3	0
		3	0
	\$94,375		
Contingency (25%)	18,875	3	3,146
Subtotal for IT (Hardware)	\$94,375		\$10,696
<u>Software</u>			
SQL Server & Backup Exec	14,600	3	2,433
	\$18,250		
Contingency (25%)	3,650	3	608
Subtotal for IT (Software)	\$18,250		\$3,042
<u>Capital (other Purchases)</u>			
Safety & Environmental Improvement (Machine rooms)	5,000	4	625
	\$6,250		
Contingency (25%)	1,250	3	156
Subtotal for Miscellaneous	\$6,250		\$781
Total Capital & Leasehold Purchases	118,875		14,519
Total Depreciation Expense			\$75,905

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

September 9, 2014

TO: Members of the Board of Directors
FROM: Jeffrey A. Asher, Executive Director
Jeanette Weldon, Managing Director
CC: CHEFA Officers
RE: FYE June 30, 2013-2015 Board Approved Strategic Business Plan (the “Plan”)

Index

<u>DESCRIPTION</u>	<u>Pages</u>
Review as of June 30, 2014	2 - 13

Exhibit I.	2014 Review of NAHEFFA Client Annual Fees
Exhibit II.	Agenda – 1 st Annual CHEFA Client Conference
Exhibit III.	CHEFA Ten-Year Economic Impact Analysis
Exhibit IV.	CHEFA Mission Critical Staff

CORE GOALS AND METRICS

The following are the core goals that guide the development and implementation of the strategic business plan.

Core Goal 1 – Superior Client Service

A. Cost Effective Financing

1. Annual review of the yield for each bond issue and the spread to SIFMA.

During FY 2014, we closed 29 bond issues for 18 institutions totaling \$1.2 billion including 1 EasyLoan, 9 Public Offerings and 19 Direct/Private Placements.

Public Offering Interest Rates

	Sale Date	Maturity/Yield	Spread
Yale-New Haven Health Series A	5/29/2014	2034 / 3.60%	61 bp
Yale-New Haven Health Series B*	5/29/2014	2019 / 0.65%	55 bp
Yale-New Haven Health Series C**	6/19/2014	2025 / 0.07%	0 bp
Yale-New Haven Health Series D**	6/19/2014	2048 / 0.07%	0 bp
Yale-New Haven Health Series E	5/29/2014	2037 / 4.02%	89 bp
Hartford Healthcare Series E	3/19/2014	2042 / 4.84%	112 bp
Lawrence and Memorial Series H**	11/4/2013	2034 / 0.08%	0 bp
CT State University Series N	10/2/2013	2033 / 4.35%	61 bp
Yale University Series 2013A	6/25/2013	2016 / 1.35%	44 bp

***Floating Rate Note Obligations**

****Variable Rate Demand Bonds**

During FY 2013, we closed 23 financings including 5 EasyLoans, 4 Public Offerings and 14 Direct/Private Placements.

Public Offering Interest Rates

	Sale Date	Maturity/Yield	Spread
Norwich Free Academy Series B	02/12/2013	2034 / 3.27%	73 bp
Yale-New Haven Series O*	02/13/2013	2053 / 0.11%	0 bp
Yale-New Haven Series N	01/31/2013	2048 / 3.62%	70 bp
CT State University Issue Series M	12/19/2012	2032 / 3.25%	80 bp
Taft School Issue Series I	11/07/2012	2032 / 3.07%	63 bp

***Variable Rate Demand Bonds**

Direct/Private Placements and EasyLoans

The interest rates for these financings are a negotiated rate agreed to by the CHEFA client and the bank purchasing the debt.

2. *Annual review of CHEFA administrative fees as compared to other National Association of Health and Educational Facilities Financing Authorities (NAHEFFA) members (Please refer to Exhibit I – A Review of NAHEFFA Annual Client Fees 2014)*

Staff proposed, and the Board and Audit-Finance Committee will review a suggested change in the CHEFA annual fee at the October 22, 2014 meetings. The proposed new rate would be 8 basis points with an effective date of July 1, 2014.

The CHEFA current annual fee is 9 basis points on the bonds outstanding. (The annual fee for a \$10.0 million issue is \$9,000.) The annual fee was originally at 15 basis points but was lowered when the cap on tax-exempt bonds outstanding was eliminated by the federal government.

3. *Annual review of bond counsel and financial advisor fees as compared to other NAHEFFA members*

Bond Counsel

The fees charged by each of the bond counsel firms for CHEFA bond issues is based on the size and complexity of the issue rather than on a per hour basis. The NAHEFFA survey shows that there is a wide range of fees and methods for determining those fees. It would appear the fees charged by CHEFA's bond counsel firms are high but are comparable to the bond counsel fees for approximately 9 of the 31 statewide issuers participating in the survey question.

The following are the total fees paid during FY 2014 for each firm:

FY 2014	Day Pitney	Harris Beach	Hawkins	Pullman	Robinson+Cole
Fee	\$412,035	\$219,077	\$1,166,235¹	\$490,540²	\$147,230
Bonds Issued	\$119,000,000	\$65,155,000	\$737,200,000	\$274,408,000	\$17,070,000
No. of Issues	3	3	4	5	3

¹ This includes \$725,000 for Yale-New Haven Health and \$295,590 for Hartford HealthCare bond issues.

² This includes six direct placement bond issues for Saint Francis Hospital and Medical Center with six different banks.

Financial Advisor

We were not able to utilize the NAHEFFA survey results for Financial Advisor Fees as a comparison because the survey asked for the basis for the fee and the aggregate paid for the survey period.

During FY 2014, a financial advisor was engaged by CHEFA or by one of our clients a total of 8 times. Five were hired directly by our clients and the others by CHEFA.

FY 2014	Fairmount	PFM	Acacia
Fee	\$107,344	\$110,175	\$70,000
No. of Issues	4	3	1

During FY 2013, CHEFA only used a financial advisor on 3 of the 4 public offerings completed. The largest fee, \$80,000, was paid to Public Financial Management who served as the advisor and conducted the competitive sale for the CSU Series M bond issue.

4. *Measurement of client satisfaction using a post-closing survey*

It was decided to use a more formal client survey similar to the one presented to the Board in September 2011, rather than using a post-closing survey.

5. *No less than 1/3 of our clients will be visited in each of the next three years*

During FY 2014, senior management visited 40 of our 113 clients (35%).

During FY 2013, Staff visited 35 of our 114 clients (31%).

B. Post Issuance Compliance

1. *Percent of clients in compliance with all reporting requirements*

As of June 30, 2014, 89% of our clients were in compliance with 100% of their reporting requirements.

As of June 30, 2013, 86.73% of our client institutions were in compliance with 100% of their reporting requirements.

2. *Average number of delinquent compliance items per bond issue*

As of June 30, 2014, there were 216 outstanding bond issues. Nineteen bond issues (13 clients) had an average of 2.5 delinquent compliance items. A typical bond issue has roughly 18 compliance items due during the fiscal year.

As of June 30, 2013, there were 16 bond issues with an average of 2.1 delinquent items per bond issue.

3. Number of clients adopting written post-issuance compliance procedures

As of June 30, 2014, 100% of our 114 clients have certified as to adopting post-issuance tax compliance procedures.

As of June 30, 2013, 96 (84.5%) of our 113 clients have certified as to adopting post-issuance compliance procedures.

4. Percent of clients attending CHEFA educational programs on post issuance compliance or other training.

During FY 2014, we provided two education offerings on post-issuance compliance.

- **The client conference held on November 6, 2013 included a session on tax compliance (See Section D).**
- **In May 2014 a post issuance tax compliance presentation was made to Staff of the Connecticut State Colleges and Universities (CSCU) which was moderated by Cynthia D. Peoples and presented by attorneys from Day Pitney, bond counsel on the CSCU bond issues.**

C. Effective Post Issuance Fund Management

D. Strengthen Client and Investor Relations

Client Conference (Please refer to Exhibit II)

- **On November 6, 2013. CHEFA held its “1st Annual” Client Conference.**
- **There were 67 attendees.**
- **Agenda**
 - **The Future of Tax-Exempt Bonds (NAHEFFA Counsel, Mintz Levin)**
 - **Healthcare and Education Credit Factors (Moody’s Investor Service)**
 - **Tax Compliance (Pullman & Comley and Day Pitney)**
 - **The Investor Perspective (Putnam Investments, Salisbury Bank)**

Core Goal 2 – Programs and Services that Meet the Demands of a Changing Market

- A. Evolve Existing Programs
- B. Development and/or Implementation of New Programs
- C. Expansion of sectors served when applicable
- D. Introduction of new clients to CHEFA products and services

1. Measure - the number of new borrowers annually

During FY 2014, we completed a direct placement financing for Xavier High School in Middletown, a new CHEFA client.

During FY 2013, we completed a financing for one new client, the Wadsworth Athenuem Museum of Art. (An EasyLoan equipment financing.)

Core Goal 3 – Partner in Public Policy

- A. Leadership in Creation of Public Policy
- B. Collaboration with Other State Entities/Advocacy Groups on Common Interests

Early Education

Public Act 97-259 expressly added child care and child care facilities to the list of institutions which CHEFA is statutorily directed to assist. It also calls for CHEFA to establish the Connecticut Child Care Facilities Program for the development of these centers.

- **Smart Start Working Group** – CHEFA was asked by Senator Beth Bye to provide cost estimates for the facility component of Smart Start (PA14-41), a program for the expansion of early education throughout the State for up to 50,000 children. Expansion through this program is to take place through the public schools utilizing \$200 million in State funding. CHEFA was asked by Commissioner Jones-Taylor of Office of Early Childhood (OEC) to join the work group developing the program. CHEFA will help the OEC determine town by town demand and deliver school-based facility improvement dollars totaling \$100 million. The group began meeting in August 2014.
- **Governor's School Readiness Expansion Plan** – The Governor has proposed an expansion of the School Readiness Program by 4,010 slots through FY 2019 in an effort to move towards universal access to preschool. The effort is being led by the OEC, and is utilizing CHEFA's recently completed update to the Statewide Facility Plan to help determine demand for additional preschool space. CHEFA has been asked to provide planning support and evaluate capital financing alternatives, and the level of investment needed using various development scenarios including the CHEFA Tax-Exempt Financing Program.

- **Grant RFP Informational Sessions** - In FY 2014, OEC asked CHEFA to assist with the evaluation of capital grant applications. Over this past year, CHEFA worked with OEC Staff to improve the RFP for the second round of the program, providing \$7 million in capital grants. Additionally, CHEFA was asked to provide seven informational sessions across the State, giving assistance to applicants wishing to apply to the program. Feedback has been very positive, and CHEFA will likely provide another series of sessions for the next round of the program.
- **Home-based Care Pilot** - The State is collaborating with the Hartford Foundation for Public Giving on a program to improve the quality of home-based care in the greater Hartford area utilizing mentoring coaches, and funding for improvements. A component of the program will provide facility improvement grants of up to \$15,000 to home-based providers seeking licensure. CHEFA will be providing training sessions to both the coaches and child care providers on facility evaluation and planning for improvements.

C. Public Advocacy on Behalf of Clients

Ten-Year Economic Analysis

(Please refer to Exhibit III)

CHEFA engaged IHS, a global consulting firm to conduct a 10-year study of the economic impact of capital projects financed for CHEFA clients. The study finds that CHEFA-financed projects had wide ranging economic impact in the State, creating 6,405 jobs, \$387 million in labor income, and \$554 million in gross domestic product annually on average from 2003-2013. These projects created long-term economic value through the not-for-profit education and healthcare institutions they supported. CHEFA facilitated \$5.2 billion in tax-exempt financing for capital projects for eligible not-for profit entities from 2003 to 2013.

The report will be used by CHEFA clients and staff to educate members of Connecticut's congressional delegation on the impact that tax-exempt financing has on Connecticut's economy and the importance of preserving this capital funding alternative.

Core Goal 4 – Sustainable and Ethical Organization

A. Staff and Management Development

1. Number of educational programs/courses attended by Staff

During FY 2014, Staff attended 17 educational programs including:

- **CBIA Seminar on Obamacare**
- **CT Assoc. of Non-Profits Workshops – various workshops**
- **IIAA (International Internal Audit Association) Training**
- **IT Systems Training**
- **NAHEFFA Conference**
- **NABL - Tax and Securities Law Conference**
- **University of Saint Joseph – HR Certification Training**

During FY 2013, Staff attended 25 educational programs including: business continuity training, Adobe training, internal audit workshops, CPR training, Office of State Ethics training, a GFOA³ advanced public investing conference, arbitrage training, and college courses.

B. Board Development and Oversight

1. Number of educational presentations/ programs provided for board

During FY 2014, there were three education sessions held.

- **November 20, 2013 – Paula Herman, CHEFA General Counsel, conducted the required annual State of CT Ethics Training.**
- **February 19, 2014 – A presentation was made to the Board by Standard & Poor's regarding the proposed S&P Not-for-Profit Acute-Care Stand-Alone Hospitals – Methodology and Assumptions.**
- **March 19, 2014 – A presentation was made to the Board by Amy Gilman of LISC (Local Initiatives Support Corporation) regarding the CT Children's Investment Partnership: Childcare Guaranteed Loan Fund.**

During FY 2013, one education session was held. The required annual State of CT Ethics Training was presented to the Board in November 2012 by Paula Herman, CHEFA General Counsel.

2. Board Self-Assessment

FY 2014 – The Compliance/Internal Auditor presented the Board Self-Assessment at the May 28, 2014 meeting in Executive Session.

³ GFOA – Government Finance Officers Association

C. Increased Awareness of the Authority's Accomplishments and Challenges

D. Effective Management Process

1. *Clean audit by independent auditors with no adjustments and no management letter*

The audit for the FYE June 30, 2014 will be presented to the Audit-Finance Committee and the Board at the September 17, 2014 meetings. The audit is expected to be issued with no adjustments and no management letter.

The audit for the FYE June 30, 2013 was presented to the Board at the September 18, 2013 meeting. The audit was issued with no adjustments and no management letter.

2. *Clean audit by the Auditors of Public Accounts with no findings*

The audits for the Fiscal Years Ending 2012, 2013 and 2014 have not yet been scheduled by the Auditors of Public Accounts.

3. *Maintenance of actual expenses within the budget*

Total Operating Expenses for the FYE June 30, 2014 were under budget by \$245,730.

Total Operating Expenses for the FYE June 30, 2013 were under budget by \$234,918.

SPECIFIC INITIATIVES

Over the next three fiscal years, Staff will specifically target the following strategic initiatives that will provide additional services to our clients, enhance our visibility in the State and assist the Governor and his administration in providing more educational opportunities and better health care services to Connecticut's citizens.

Client Survey – The survey results were presented to the Board by the consultant at the September 13, 2011 Board meeting. The results indicated that CHEFA is very highly regarded by its customers and that there were very high levels of satisfaction with the services we provided. **A new client survey should be conducted every five years.**

Tracking and Responding to Municipal Market Developments – There is much discussion in Washington about changes that could affect the amount of tax-exempt debt that one entity can issue and the possible elimination of tax-exempt bonds completely. Over the next three years, we will continue to work closely with members of our trade associations and with the associations' lobbyists in Washington to monitor developments that could reduce or eliminate our clients' access to tax-exempt capital. The following are some of the issues/areas of concern that we will monitor:

- The potential for the reduction or elimination of Tax-Exempt Municipal Bonds

FY 2014/2015

- **CHEFA Staff will be collaborating with a number clients to set up individual meetings with members of Connecticut's Congressional Delegation to review the "CHEFA Ten-Year Economic Impact Analysis" to discuss the economic impact of each client on their respective communities and the State, and to stress the importance of preserving access to tax-exempt debt financing to these clients and to the State.**

FY 2013

- **CHEFA participated in a conference call with representatives of staff from the Washington offices of each member of Connecticut's congressional delegation which was sponsored by the Office of the State Treasurer. This call was to remind the congressional staff of the importance of tax-exempt bonds to the State, Connecticut non-profits and to their constituents.**
- **CHEFA Staff has had a few conversations with David Sitkovsky, the Legislative Director for Tax Policy in Congressman John Larson's Washington DC office to stress the importance of tax-exempt financing to the State and to our clients. Congressman Larson is an important ally as he is currently serving as the co-leader of the bipartisan Tax Reform Working Group on Financial Services, where he is working to review current financial services tax law.**

- Multi-State Issuance – Consolidations in the health care industry could move us towards statutory changes that would allow us to issue debt in contiguous states. Lawrence and Memorial Hospital is the first in our loan portfolio to purchase a health care provider (Westerly Hospital – RI) in another state.
 - **CHEFA submitted legislation to provide for the issuance of debt for health care projects in contiguous states, but the proposal was rejected by the Higher Education Committee.**
- Tax-credits – These credits could potentially increase the cost of access to capital for our clients.
 - **As of September 2013, CHEFA began working with State charter schools to assist them in meeting their capital financing needs through the issuance of private placement debt, tax credits and State grants.**
- Taxable Bonds – Increased use of taxable bonds that can provide our clients with more flexibility in the use of bond proceeds but they will increase their cost of capital.

Legislative Initiatives – CHEFA Staff collaborated with the Governor’s Office on important pieces of legislation.

2014 Legislative Session

- **Staff worked with staff at OPM and the Office of the State Treasurer to draft legislation to make the Connecticut Student Loan Foundation (CSLF) a subsidiary of CHEFA. The bill was passed and effective July 1, 2014.**

2013 Legislative Session

- **Senate Bill 1044 “An Act Concerning the Connecticut Health and Educational Facilities Authority”. This proposed legislation was drafted to provide for the following:**
 - **Expand CHEFA’s financing authority to allow the issuance of debt on behalf of Connecticut based health care providers for facilities owned by them in contiguous states. (This proposal was rejected by the Committee on Higher Education and Employment Advancement.)**
 - **Expand qualified health care projects financed via the Special Capital Reserve Fund program to include construction and renovation in addition to the purchase of capital equipment. (This proposal was approved by the Committee on Higher Education and was added to the Senate Calendar but was never voted on.)**

- **Special Act No. 13-16 “An Act Concerning State-Funded Child Care Facilities”**
 - **CHEFA was asked by the Co-Chair of the Education Committee (Senator Stillman) to submit draft legislation, which if adopted, provides that early childhood education facilities financed by the issuance of tax-exempt bonds prior to July 1, 2012 would essentially continue to receive said State assistance until the debt is fully paid off. (This proposed legislation was approved by the Education Committee, both the House and the Senate, on June 25, 2013.)**

Transition Planning/Business Continuity – Being prepared for staffing and management changes, as well as unexpected business interruptions, is key to CHEFA’s long-term viability.

At the July 23, 2014 Board meeting, the Executive Director presented a review of the mission critical staff. This review included the following:

- **Identification of critical/mission sensitive staff. (Please refer to Exhibit IV)**
- **Identification of internal and external resources that could substitute/perform the duties of each mission critical staff member.**
- **A comprehensive review of the business continuity plan is currently in process and will be completed during FY 2015.**

CHESLA Consolidation – A smooth consolidation process will ensure that CHESLA’s student borrowers will not be affected by the change in its organizational structure. We also expect that the CHEFA consolidation will generate near-term cost savings for CHESLA operations. We expect to report as follows:

Board Education and Recruitment – Recruitment of new Board members has always been a challenge because of statutory restrictions, State’s Ethic Statutes and public disclosure of private financial information. Current Board member terms are as follows:

<u>NAME</u>	<u>FIVE YEAR TERM EXPIRES</u>
Barbara Rubin	June 30, 2016
John M. Biancamano	June 30, 2015
Dr. Peter W. Lisi	June 30, 2015
Patrick A. Colangelo	February 9, 2018
Vacancy	June 30, 2014
Dr. Estela Lopez	June 30, 2017
Barbara B. Lindsay, Esq.	June 30, 2015
Paul Mutone	June 30, 2015

- **Board Orientation** – The orientation manual has been converted to electronic format and is now available to all Board members via “FilesAnyWhere”. The documents will be continually updated when content changes.

Grant Programs Development

FY 2014

During FY 2014, the approved budget included \$1.0 million for the client and \$1.0 million for the non-profit grant program. At the June 18, 2014 Board meeting, the Board approved an increase of \$1.5 million in funding for the non-profit grant program bringing the total amount awarded to \$2.5 million, funding 46 projects.

Additional Grant/Philanthropy Programs – In order to react appropriately to requests for grant funding in addition to the current grant programs, Staff will be presenting proposed changes to the grant program at the October 22, 2014 Grant Committee meeting.

Client and Nonprofit Grant Programs – Reinstated during FY 2012, these programs were **funded during FY 2013 (Client - \$1.1 million and Nonprofit (non-client) - \$1.2 million) and budgeted again for FY 2014 - \$2.0 million.** Staff will seek Board approval to continue funding these programs annually for the Plan period subject to the availability of sufficient excess revenues to cover the grant expenses and still maintain a net increase in resources. An emphasis on public relations will help the institutions, legislators, and the public become better informed of CHEFA’s mission and functions.

A Review of NAHEFFA Member Authorities Annual Fees

Member Authority	\$100.0 Million Issue		Annual Fee Cap per Borrower		Total Annual Revenues		Bonds Outstanding
	Annual Fee	Initial Fee	Annual Fee	Initial Fee	Annual Fee	Initial/Upfront Fee	
Arizona Health	75,000	10,000	No	NA	NA	NA	NA
California Education	500	75,000	Yes \$75,000	\$418,680	\$28,508	\$4.5 billion	\$4.5 billion
Colorado Ed & Cultural	-	58,000	No	NA	NA	NA	NA
Colorado Health	60,000	85,000	Yes \$150,000	NA	NA	NA	NA
CHEFA	90,000	5,000	No	\$158,000	\$7,100,000	\$8.1 billion	\$8.1 billion
Escambia FL Health Fac. Authority	30,000	100,000	No	NA	NA	NA	NA
Idaho Health	70,000	50,000	Yes 1 bps on amt. over \$100 million	NA	NA	NA	NA
Illinois Finance Authority	-	138,000	No	\$53,400	\$3,912,338	\$24.4 billion	\$24.4 billion
Iowa Education	12,500	16,000	Yes \$3,500	NA	NA	NA	NA
Kansas Development Authority	16,500	135,000	Yes \$175,000	\$402,356	\$1,016,806	\$4.3 billion	\$4.3 billion
Maine Health and Education	25,000	52,500	No	\$0	\$916,946	\$1.1 billion	\$1.1 billion
Maryland Health and Education	30,000	5,000	No	\$85,000	\$2,556,000	\$8.8 billion	\$8.8 billion
MassDevelopment	-	176,000	No	NA	NA	NA	NA
Michigan Finance Authority	40,000	-	Yes Hlth \$80,000/Educa. \$15,000	NA	NA	NA	NA
Minnesota Education	37,500	-	No	\$0	\$356,580	\$.9 billion	\$.9 billion
Mississippi Health	50,000	-	Yes \$50,000	NA	NA	NA	NA
Missouri Health & Education	14,000	1,000	No	NA	NA	NA	NA
Montana Facility Finance	75,000	30,000	No	\$0	\$720,870	\$1.1 billion	\$1.1 billion
New Hampshire Health & Educ.	8,000	-	Yes \$40,000	NA	NA	NA	NA
New Jersey Education	50,000	100,000	Yes \$50,000	\$0	\$3,187,412	\$5.1 billion	\$5.1 billion
New Jersey Health	95,000	23,750	Yes \$95,000	\$172,000	\$3,764,000	\$6.3 billion	\$6.3 billion
New Mexico Hospital Equip.	7,500	20,000	Yes \$7,500	NA	NA	NA	NA
NY Dorm Authority - Healthcare	100,000	100,000	Yes \$600,000		\$94,756,000	\$6.0 billion	\$6.0 billion
NY Dorm Authority - Other Non-P	60,000	75,000	Yes \$600,000			\$25.3 billion	\$25.3 billion
Oregon Facilities Authority	-	80,000	No	NA	NA	NA	NA
Pennsylvania Education	25,000	10,000	Yes \$25,000 per bond issue	\$0	\$1,357,616	\$6.7 billion	\$6.7 billion
Rhode Island Health and Educa.	100,000	-	No	\$0	\$2,284,034	\$3.1 billion	\$3.1 billion
S.C. Jobs & Economic Dev.	10,000	64,500	Yes \$25,000	NA	NA	\$8.1 billion	\$8.1 billion
South Dakota Health & Educa.	45,000	10,000	No	\$13,000	\$635,512	\$1.2 billion	\$1.2 billion
Vermont Health& Educa.	6,500	25,000	No	\$182,476	\$100,547	\$1.0 billion	\$1.0 billion
Washington Education	60,000	12,500	No	NA	NA	\$.7 billion	\$.7 billion
Washington Health	17,500	7,500	Yes \$100,000	NA	NA	\$5.4 billion	\$5.4 billion
Wisconsin Health & Educa.	6,250	-	No	\$0	\$581,680	\$9.1 billion	\$9.1 billion



Connecticut Health and Educational Facilities Authority

1st Annual CHEFA Client Conference

Agenda

8:00 – 8:30	Breakfast	
8:30– 8:35	Welcome	
8:35 – 9:30	The Future of Tax-Exempt Bonds	Charles A. Samuels, Esq. Mintz, Levin, Cohn, Ferris, Glovsky And Popeo P.C.
9:30 – 10:30	Healthcare and Education Credit Factors	Edith F. Behr, Vice President/Sr. Credit Officer and Manager Higher Education & Not-For-Profit Team, Public Finance Group Moody's Investors Service
10:30 – 10:45	- Break -	
10:45 – 11:30	Tax Compliance	Michael J. Andreana, Esq. Pullman & Comley LLC Linda L. D'Onofrio, Esq. Day Pitney LLP
11:30 – 12:25	The Investor Perspective Panel Discussion	Moderator: Noreen White, Co-President Acacia Financial Group, Inc. Thalia Meehan, Portfolio Manager Putnam Investments David Wilburn, Credit Risk Manager Salisbury Bank and Trust
12:25– 12:30	Closing Remarks	



Information | Analytics | Expertise



23 JULY 2014 | Connecticut Health and Educational Facilities Authority

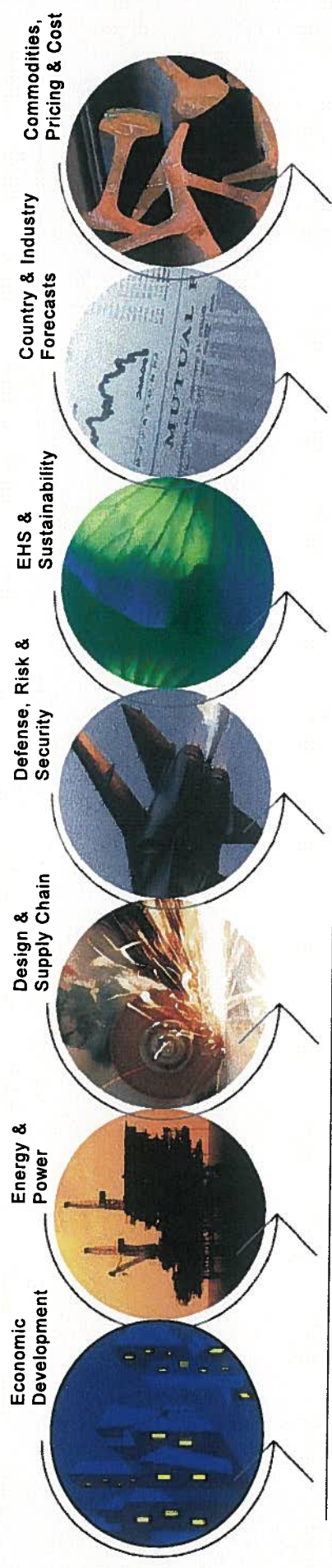
THE ECONOMIC IMPACT OF THE CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

James Diffley, Senior Director,
IHS Economics
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About IHS:

- 50+ years of global business acumen, analytical expertise and functional knowledge have made IHS the foremost source for critical information and insight
 - Employing nearly 6,000 people, 1,000 in Colorado
 - Located in 30 countries, speaking over 50 languages
 - Providing comprehensive content, expert analysis and economic forecasts to businesses and governments worldwide





Executive Summary

- CHEFA facilitated \$5.2 billion in financing for capital projects over 2003-2013 focused on healthcare and educational institutions.
- These projects had wide ranging economic impacts on Connecticut, creating 6,405 jobs, \$387 million in labor income, and \$554 million in gross domestic product annually on average from 2003-2013.
- In addition to the economic gains attributed to the construction and capital expenditures, these projects also created long-term economic value through the education and healthcare institutions they supported.
- Only funds which are spent at Connecticut businesses are reflected in the analysis. Funds spent on equipment or materials manufactured outside of the state or in the hiring of non-resident labor are considered leakages, as are non-local purchases of services.
- The impacts reported from this study are solely derived from the economic activity generated from the capital project themselves.



Connecticut Economic Impact

- The average \$554 million impact on gross domestic product contributed 0.24% to Connecticut's gross domestic product in 2013.
- Tax-exempt projects supported an average of 6,405 total jobs annually from 2003-2013 during a difficult period for Connecticut when total employment fell by 862 jobs per year on average.
- CHEFA driven employment directly impacts the construction sector: Over half of the total jobs created by 501(c)(3) bonds were construction jobs.
- If the 501(c)(3) bond projects did not take place, Connecticut would have lost another 3,570 construction jobs.
 - The construction sector was one of the worst performing sectors in Connecticut between 2003 and 2013, losing 9,537 jobs.
 - It employs 3.3% of the total workforce.



Healthcare and Educational Catalysts

Health Care Providers:

- Employ workers at every skill level
 - Over 260,000 employed in healthcare services industry in CT
 - Healthcare services comprise almost 16% of total state employment, well above the national average
- Provide stability and growth in economic downturns
 - Industry historically immune to business cycle fluctuations
 - Demographic changes and technological advances drive investment demand
- Positive socio-economic externalities
 - Viable hospitals lure other businesses and provide for healthier communities
- Educational Institutions:
 - Support and attract a more productive workforce, create centers for research and innovation, help spur new business ventures
 - Educational services in CT employs 3.8% of the workforce, much higher than the national average (2.4%).

Selected Tax-Exempt Projects



- Yale University (2010): \$450 million in financing for capital improvement and renovation projects including arts buildings, libraries, classroom buildings, lab and science areas, medical school, infrastructure and utilities, and administrative facilities.
- Yale-New Haven Hospital (2006): \$281 million in bonds to construct and equip the new Smilow Cancer Center.
- Stamford Hospital (2012): \$250 million in funds to construct, renovate and equip a new addition, which includes a diagnostic and treatment building, a central utility plant, modernization of the emergency department, and other infrastructure improvements.
- Hartford HealthCare (2011): \$136 million financing for the expansion of the emergency department at Hartford Hospital, purchase and renovation of buildings for Hartford Hospital use, construction of a new parking garage and miscellaneous capital projects and equipment purchases.

Selected Tax-Exempt Projects



- Lawrence and Memorial Hospital (2013): \$30 million financing to construct a new cancer center, affiliated with the Dana-Farber Cancer Institute, fund capital expenditures and renovate a building to be used as a medical office building.
- Quinnipiac University (2007): \$300 million in funding for construction of new residence halls, a new student center/dining facility, and a 2,000-space parking garage.
- Sacred Heart University (2011): \$40 million in bonds for the construction of a new student commons building, purchase of land near its satellite campus for future expansion and miscellaneous capital projects, including renovations to the library and network operating center, residence hall purchase and renovations, and a new softball field.
- CSU (2013): \$80 million in funds for the construction of a new residence hall at the Central Connecticut State University campus.

Selected Tax-Exempt Projects



- Masonicare (2007): \$35 million in financing for the expansion of the Ashlar Village CCRC including construction of 40 new villas, an activity center, 78 apartments, 75 assisted-living apartments, and various routine capital expenditures.
- University of New Haven (2008): \$46 million in bonds to construct a new 402-bed apartment style complex.
- Western Connecticut Health Network (2011): \$142 million in funds for construction of a new patient care tower, including an expanded emergency department and a heliport.
- Norwich Free Academy (2004): \$19 million financing for the construction of a new music and art wing including new classrooms, studios, rehearsal and performance areas.



Using IMPLAN to Model 501(c)(3) Impacts

- Economic activity generated by project expenditures on goods and services is derived from national and regional inter-industry purchasing relationships.
- *Direct effects* are the result of spending tied directly to the project, in addition there are two types of economic impacts generated through the supply chain linkages:
 - *Indirect effects* are generated when a business directly involved in the change in spending purchases inputs from its suppliers located in the region. This spending supports suppliers as well as the businesses supporting those firms, etc.
 - *Induced effects* are produced by the change in local spending of disposable income by all the workers involved in the event being studied, including both the direct workers supported by the initial changes in final demand (e.g., the construction workers) and by workers in the supplying industries (e.g., firms that sell concrete to the contractor).

CHEFA Financing : Connecticut Economic Impacts



Economic Impacts, Annual Average, 2003-13

(# of Jobs, Current \$ in Thousands)

	Direct	Total
Employment	3,547	6,405
Labor income	215,058	386,736
Gross domestic product	268,396	554,113
Output	565,313	1,002,359
State/local taxes		39,617
Federal taxes		85,089

Labor Income: the additional annual amount paid in wages and salaries to Connecticut residents as a result of CHEFA projects.

Gross Domestic Product: the value-added to the state economy of goods and services produced as a result of CHEFA financings.

Output: the total valuation of the created good and services, which may include inputs imported from out-of-state.



Construction, Professional and Business, Education and Health Sectors Most Affected

Employment Impacts By Industry (Average Annual Jobs, 2003-2013)

Industry	Total	Direct	Indirect	Induced
Construction	3,570	3,547	11	12
Professional & Business Services	639	-	480	159
Trade, Transportation, & Utilities	636	-	216	420
Education & Health Services	496	-	1	495
Financial Services	369	-	113	256
Leisure & Hospitality Services	284	-	48	236
Other Services	206	-	51	155
Manufacturing	118	-	104	14
Information Services	50	-	22	27
Government	25	-	6	18
Agriculture, Forestry, Fishing	9	-	3	6
Natural Resources & Mining	4	-	2	2



Direct, Indirect , and Induced Employment Impacts

- Construction sector is the top beneficiary of capital dollars and direct jobs, but many other sectors benefit via the multiplier effect as the spending flows through the economy.
- 480 indirect jobs per year in the professional and business services sector.
 - Architectural and engineering, accounting and tax preparation, and legal services, used for the planning and implementation of capital project.
- 495 induced jobs annually in the education and health services sector.
 - Private hospitals and the offices of physicians, dentists and health practitioners as employees seek out general healthcare services.
 - Private colleges, universities, and trade schools also are affected as demand for education generated by economic growth increases.
- 420 induced jobs in the trade, transportation and utilities sector.
 - Retail stores and wholesale trade businesses are impacted by changes in disposable income that result from increased employment in other areas of the economy.



Conclusion

- Tax-exempt funding supported 6,405 jobs annually over the last eleven years in a wide array of industries.
- These projects also annually supported \$554 million in gross domestic product and \$387 million in labor income with jobs paying wages near the state average.
- The capital projects funded created long-term economic value for Connecticut, increasing quality of life and state competitiveness.
- Tax-exempt funding helps 501(c)(3)s attain low-cost funding even during challenging economic times when traditional financing options are thinnest. This helps fund new construction projects when they are needed most.

CONNECTICUT HEALTH & EDUCATIONAL FACILITIES AUTHORITY

NON-DISCRIMINATION, EQUAL EMPLOYMENT OPPORTUNITY AND SEXUAL HARASSMENT POLICIES

NON-DISCRIMINATION AND EQUAL EMPLOYMENT OPPORTUNITY POLICY

The Authority is an Equal Opportunity Employer and it is the Authority's policy not to tolerate discrimination or sexual harassment in any form. The Authority does not discriminate against any person in regard to any term or condition of employment based on race, color, religious creed, age, gender, sexual orientation, gender identity or expression, marital status or civil union status, national origin, ancestry, pregnancy, present or past history of mental disorder, intellectual disability, mental or physical disability (including, but not limited to, blindness), veteran's status, prior conviction of a crime, or any other reason prohibited by any applicable law or regulation. Further, it bases its employment decisions, including recruiting, hiring, training and promoting, on this nondiscriminatory principle.

If at any time an employee feels that she or he has been discriminated against or that the above guidelines have been in any way violated, the employee should immediately inform any officer of the Authority. Any employee found to have engaged in discriminatory conduct in violation of the above may be subject to disciplinary action up to and including dismissal. The ultimate responsibility for the implementation of this policy rests with the Executive Director.

Please be advised that, in addition to the above, the Authority will not tolerate disparaging comments about any of the above classes of individuals even if the person to whom the comments are made is not a member of such a class. Any Authority employee found to have made such comments or to have exhibited discriminatory behavior based on any of these or any other classifications may be subject to disciplinary measures up to and including dismissal.

SEXUAL HARASSMENT POLICY

It is the policy of the Authority that all employees have the right to work in an environment free from all types of discrimination including that of sexual harassment. The Authority's policy on this subject is as follows:

1. The Authority prohibits sexual harassment of employees in any form. Such conduct may result in disciplinary action up to and including dismissal.
2. Specifically, no supervisor or member of management shall threaten or insinuate, either explicitly or implicitly, that an employee's refusal to submit to sexual advances will adversely affect the employee's employment, assigned duties, or any other condition of employment or career development.
3. Other sexually harassing conduct at the workplace, whether committed by supervisors or non-supervisory personnel, is also prohibited. This includes: repeated offensive sexual flirtation; advances; propositions; continued or repeated verbal abuse of a sexual nature; graphic verbal commentaries about an individual's body; sexually oriented words used to describe an individual; and displays in the workplace of sexually suggestive objects or pictures.

Employees who feel they have been subjected to acts of sexual harassment or who feel their rights under the Sexual Harassment Policy have been violated should immediately inform any officer of the Authority. The officer(s) shall promptly investigate the complaint. Complaints will be examined impartially and, to the extent possible, confidentially. When merited, appropriate disciplinary action will be taken.

Please acknowledge that you have read and understand these policies in the space provided below. Please return the signed memorandum within five business days to Debra Pinney, Manager of Administrative Services. Should you have any questions, please see me.

Name: _____

Title: _____

Date: _____

CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
August 18, 2014

TO: Barbara Rubin, Board Chair

FROM: Jeffrey A. Asher, Executive Director

CC: Members of the Board of Directors

RE: **CIAF Recommendation Identification of Mission Critical Staff**

The CIAF recommended that senior management identify staff positions that are critical to the Authority's operations, need to be cross-trained, and outside resources that could substitute for mission critical staff. The following are the positions identified as mission critical:

Executive Director

- Internal Resources – Managing Director

General Counsel

- Outside Resources – Special Counsel Firms

Managing Director

- Internal Resources – Executive Director, Assistant Director New Business, Assistant Director IT/Arbitrage, Controller, Senior Accountant
- Outside Resources – Financial Advisors, CHEFA Independent Auditor

Assistant Director New Business

- Internal Resources – Executive Director, Managing Director, Assistant Director IT/Arbitrage, General Counsel
- Outside Resources – Financial Advisors

Assistant Director IT/Arbitrage/Investments/Business Continuity

- Internal Resources
 - Investments – CHEFA Officers
 - Business Continuity – CHEFA Officers, Manager Administrative Services
- Outside Resources
 - IT – Connecticut Computer Service
 - Arbitrage – First Southwest, AMTEC, BLX, PFM Asset Management
 - Investments – Financial Advisors

Controller

- Internal Resources – Managing Director, Senior Accountant
- Outside Resources – CHEFA Independent Auditor, Aiello Associates, Genesystems, Inc., Account Temps

Rebate Specialist

- Internal Resources – Assistant Director IT/Arbitrage
- Outside Resources – First Southwest, AMTEC, BLX, PFM Asset Management

Legal Services Specialist

- Internal Resources – General Counsel/Officers
- Outside Resources – Bond Counsel Firms/Special Counsel

Network & Data Architect

- Outside Resources – Connecticut Computer Services

Connecticut Health and Educational Facilities Authority
Composition of Workforce
as of June 30, 2014

<u>Occupation</u>	<u>Race</u>	<u>Gender</u>
Executive Director	White	Male
Managing Director	African American	Female
General Counsel	White	Female
Assistant Director	White	Male
Assistant Director	African American	Female
Controller	White	Female
Compliance/Internal Auditor	Hispanic/Latino	Male
Senior Transaction Specialist	White	Female
Manager, Administrative Services	White	Female
Government Programs Specialist	White	Male
Legal Services Specialist	White	Female
Grants and Marketing Program Coordinator	White	Female
Senior Systems and Data Analyst	White	Male
Network and Data Architect	White	Male
Accountant	White	Female
Compliance Specialist	White	Female
System & Data Analyst	White	Male
Administrative Assistant	African American	Female
Financial Analyst	White	Male
Compliance Assistant	White	Female