

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Minutes of Authority Board Meeting

November 16, 2022

The State of Connecticut Health and Educational Facilities Authority held a meeting via videoconference and in-person on Wednesday, November 16, 2022.

The hybrid meeting was called to order at 1:37 p.m. by Mr. Peter W. Lisi, Chair of the Board of Directors of the Authority. Those present and absent were as follows:

PRESENT: Peter W. Lisi, Chair
Michael Angelini, Vice Chair¹
Lawrence Davis
Steven L. Elbaum
Darrell V. Hill (*Designee for CT State Treasurer Shawn T. Wooden*)
Kimberly Kennison (*Designee for Jeffrey Beckham, OPM Acting Secretary*)²
Susan Martin

ABSENT: Alan Mattamana
Mark Varholak

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Rob Blake, Network Architect³
Dan Giungi, Government Affairs & Communications Specialist
Josh Hurlock, Assistant Director, CHESLA
Robert Jandreau, Sr. Finance Associate
Krista Johnson, Compliance Specialist⁴
Dan Kurowski, Manager, Program Development & CHEFA CDC
Andrew Kwashnak, Senior System & Data Analyst⁵
JoAnne N. Mackewicz, Controller
Michael F. Morris, Managing Director, Client Services
Marlene Pagan, Transaction Analyst⁶
Cynthia D. Peoples-H., Managing Director, Operations & Finance
Julia Pollano, Operations Reporting Analyst⁷
Kara Stuart, Manager, Administrative Services
Betty Sugerman Weintraub, Manager of Grant Programs and Philanthropic Outreach of Connecticut Health and Educational Facilities Authority

¹ Michael Angelini participated in the meeting via teleconference that permitted all parties to hear each other.

² Kimberly Kennison participated in the meeting via teleconference that permitted all parties to hear each other.

³ Rob Blake participated in the meeting via teleconference that permitted all parties to hear each other.

⁴ Krista Johnson participated in the meeting via teleconference that permitted all parties to hear each other.

⁵ Andrew Kwashnak participated in the meeting via teleconference that permitted all parties to hear each other.

⁶ Marlene Pagan participated in the meeting via teleconference that permitted all parties to hear each other.

⁷ Julia Pollano participated in the meeting via teleconference that permitted all parties to hear each other.

INVITED GUESTS: Trina Smith, Sr. Managing Consultant, PFM

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the minutes of the October 19, 2022 meeting of the Board of Directors. Mr. Davis moved to approve the minutes and Mr. Elbaum seconded the motion.

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

AYES

Michael Angelini
Lawrence Davis
Steven L. Elbaum
Darrell V. Hill
Kimberly Kennison
Susan Martin

NAYS

None

ABSTENTIONS

Peter W. Lisi⁸

ETHICS TRAINING

Mr. Lewandowski, Executive Director at the Office of State Ethics provided ethics training, in accordance with the requirements of the Authority’s Ethics Statement and Policies. The floor was opened to questions and a discussion ensued. Mr. Lewandowski encouraged Board members to contact the Office of State Ethics if they had any additional questions.

Mr. Lisi thanked Mr. Lewandowski for his time. Mr. Lewandowski left the hybrid meeting at 2:05 p.m.

EXECUTIVE DIRECTOR’S REPORT

Authority Updates

Ms. Weldon announced that CHEFA is launching their newsletter Thursday, November 17th, and has been a staff-led effort including Mr. Giungi, Mr. Kurowski, Mr. Jandreau, Mr. Morris, Ms. Stuart and Ms. Hrdlicka. Ms. Weldon turned the floor over to Mr. Giungi to provide a preview of the cover page of the newsletter. Mr. Giungi stated that staff distributed a survey over the Summer to identify core subject matter that was of interest to clients. Responses included closed CHEFA transactions, news on CHEFA programs and products, legislative and regulatory updates, and industry insight. The first edition is launching tomorrow with quarterly publications moving forward. Mr. Giungi stated that staff

⁸ Mr. Lisi abstained from voting as he did not attend the October 19, 2022 Board of Directors Meeting.

believes it will be a great value-add for clients and are looking forward to publishing future editions. A brief discussion ensued. Ms. Weldon stated that the newsletter will be electronic only, newsletter articles will link to the CHEFA website, and the audience will include CHEFA clients, prospective clients, Board members, legislators and others.

Client Updates

Mr. Morris reported on the financing forecast stating that CHEFA has been working with Connecticut Children's Medical Center on a public offering with an estimated par amount of \$115 million. Mr. Morris stated that the proceeds from the offering will be used to partially finance Connecticut Children Medical Center's \$280 million expansion project to construct a new patient tower. Mr. Morris also reported that American School for the Deaf is seeking approval today and that Quinnipiac University is seeking reauthorization today.

Mr. Morris stated that the public offering for the Hopkins School was priced last week and will be presented by Ms. Trina Smith, representing PFM.

Mr. Morris reported on the closing of Eagle Hill School, which was a bank direct placement refunding. Mr. Morris also reported on the closing of LiveWell Alliance issue, which closed on its third advance of \$4.6 million drawdown bond issue; the total to date is approximately \$26 million of the \$81.6 million authorized par amount.

Financial Report

Ms. Mackewicz reported on the 3 months ending September 30, 2022. Operating revenues exceed operating expenses by \$1 million and \$1.1 million after non-operating income.

Interest Rate Report

Ms. Peoples reported on the headlines relating to the latest movements in the federal funds rate and the yield curve.

Market Updates

Mr. Jandreau stated that there was nothing new to report given the overall reduced level of issuance and expected issuance as the market heads into the holiday season and year-end.

CHESLA Updates

Mr. Hurlock reported that the CHESLA In-School Loan Program has disbursed \$7.9 million through the first quarter of FY 2023, which represents an increase of \$1.3 million compared to the first quarter of FY 2022.

Mr. Hurlock reported that CHESLA's refinance loan program disbursed \$800,000 through the first quarter of FY 2023, representing an increase of \$700,000 compared to the first quarter of FY 2022. This also represented the 2nd highest first quarter ever for the refinance program, dating back to the first year of the program.

Mr. Hurlock also provided an update on CHESLA's scholarship program:

- Scholarships for students pursuing an undergraduate degree:
 - The CHESLA Board met on June 15th staff and approved 171 recipients for \$489,000
 - 165 recipients and \$483,000 was disbursed after enrollment was verified
- Scholarships for students pursuing a healthcare or manufacturing certificate program:
 - FY 2023 has disbursed 10 certificate scholarships totaling \$12,500
 - The total amount approved for allocation in FY 2023 is \$30,000

Mr. Hurlock reported on the vast amount of marketing and outreach that CHESLA has recently conducted, including:

- Publishing 2 articles in the CT Insider
- Attending the Money Conference for Women
- Speaking on a podcast episode with SpringPath
- Hosting Financial Aid Nights at South Windsor High School and Rocky Hill High School, with 3 more financial aid sessions booked
- Attending several college fairs across the state including 10 town fairs, the Southern CT College Fair, and the SpringPath College Fair

Finally, Mr. Hurlock provided an update on the Alliance District Teacher Loan Subsidy Program, which provides a 3% subsidy on an Alliance Refi loan as long as the teacher continues to teach in a Connecticut Alliance District. CHESLA has received 57 applications in total; 14 applications have been approved and disbursed, 19 applications were denied, and 24 applications are pending underwriting. Mr. Hurlock and Ms. Weldon have met with CSDE and Chief Talent Officers across 8 districts to continue to market the program.

Ms. Weldon noted that the high volume of the In-School and Refi Loan Programs reflects the favorable loan rates, as well as the outreach and marketing efforts of CHESLA staff.

Ms. Kennison inquired about marketing to Boards of Education, which Mr. Hurlock confirmed that CHESLA can reach out to the Boards of Education going forward.

SALES REPORT

Hopkins School Issue, Series E

Ms. Trina Smith of PFM provided a transaction and pricing overview for the Hopkins School, Series E that closed last week. Ms. Smith reported that the sale was negotiated with a “AA-“ rating and a gross revenue pledge. The bonds were fixed rate bonds with both serial and term maturities with a 10-year par call. Ms. Smith noted the stable conditions of the market and good reception, which resulted in a lower spread of 3 to 5 basis points.

FINAL STAFF MEMO AND AUTHORIZING BOND RESOLUTION (#2022-16)

American School for the Deaf Issue, Series A

Mr. Jandreau stated that the American School for the Deaf is seeking approval of up to \$14,000,000 for its inaugural issue with CHEFA. The proposed transaction is structured to be a direct purchase with M&T Bank, who recently purchased People’s United Bank and owns Wilmington Trust.

Mr. Jandreau reported that the American School for the Deaf is the oldest permanent school for the deaf in the country and was founded in 1817. The School serves both deaf and hard-of-hearing students and has expanded its offerings to include non-verbal students with spectrum disorders, such as autism. Mr. Jandreau stated that the School enrolls 140 day and boarding students in its current fiscal year.

Mr. Jandreau stated that the School does not maintain a credit rating and will not be expected to obtain a credit rating for the proposed financing. Mr. Jandreau reported that proceeds from the issuance of bonds will be used to finance the construction of two 8,000 square foot dormitories and two multi-purpose athletic courts at a cost of approximately \$13.63 million. Construction is expected to occur in Summer 2023 and be completed for Fall 2024. Mr. Jandreau also stated that the anticipated construction is part of a master plan that covers the next 6 years at a cost of approximately \$20 million and includes the construction of a new museum and STEM center. Mr.

Jandreau stated that the School currently has three larger dormitories and two smaller dormitories on its campus, which are expected to be repurposed to fulfill various housing needs.

Mr. Jandreau reported that the American School for the Deaf has a long and successful history serving a narrow and specific niche, and the School is the only option in Connecticut within that niche. Mr. Jandreau stated that the addition of the proposed dorms and athletic courts fit within the School's strategic plan to grow enrollment, broaden programs, and enhance the student experience.

Mr. Lisi requested a motion for approval up to \$14 million for the American School for the Deaf Issue, Series A (Authorizing Resolution #2022-16). Mr. Davis moved for approval and Mr. Elbaum seconded the motion.

The floor was opened to questions and a brief discussion ensued regarding M&T Bank as the direct purchaser, the expansion of CHEFA client efforts, and the American School for the Deaf dormitories with which the funds will support.

Mr. Hill left the hybrid meeting at 2:26 p.m. for virtual meeting attendance.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini Lawrence Davis Steven L. Elbaum Darrell V. Hill Kimberly Kennison Peter W. Lisi Susan Martin	None	None

FINAL STAFF MEMO AND AUTHORIZING BOND RESOLUTION (#2022-17)

Quinnipiac University Issue, Series N

Mr. Jandreau reported that Quinnipiac University is seeking reauthorization of their previously-approved financing from April, as their previous authorization expired at the end of October. Mr. Jandreau stated the reasoning of the expiration was due to a delay in the planning and zoning approval from the Town of Hamden. Mr. Jandreau also stated that the University would like to be in

a position to execute on the sale of its bonds in the event that the approval comes prior to the upcoming CHEFA Board meeting in January 2023.

Operationally, Mr. Jandreau reported that the University continues to execute on a very high level, evident by the operating and EBIDA margins comparative to higher education institutions at the AAA-rated level. Mr. Jandreau stated that liquidity and an endowment with a high level of unrestricted assets provides the University with a great deal of financial flexibility.

At the prior approval in April, staff mentioned the declining trend in applications and enrollment as a credit challenge for the University. Mr. Jandreau reported that the University states the COVID-19 pandemic and other enrollment pressures as the cause but has experienced an increase in student applications since April. Mr. Jandreau explained that the proposed financing would support the new construction of a 417-bed residence hall, which is part of a greater \$244 million facilities master plan that includes new construction of academic buildings to the School of Business, an auditorium, a green house, and an animal research facility. Mr. Jandreau reported that this new construction would better position Quinnipiac University to compete with other universities while also increasing student enrichment and enrollment.

Mr. Jandreau reported that Standard and Poor's reaffirmed the University's "A-" credit rating and stable outlook which factors in the proposed financing. S&P characterized the university as having a strong enterprise profile driven by healthy retention and graduation rates, full accrual operating surpluses, and little to no use of the endowment for operations. Mr. Jandreau also stated that the University can absorb additional debt over the next year while maintaining its ratings and outlook. Mr. Jandreau reported on the factors that would result in the rating agency changing its view of the University, including a decline in enrollment and/or if other demand metrics worsen.

Mr. Jandreau reported on the capital campaigns of the University, which are part of the facilities master plan mentioned earlier. Staff reported that a feasibility study for such a plan was conducted in the Fall/Winter of 2021 and 2022. Based on the feedback received from the study as well as from internal and external stakeholders, it was recommended that the University enter the leadership/planning phase of a multi-year comprehensive campaign concluding with the University's centennial year in 2029; it was further recommended that the University proceed with a working goal between \$150 and \$175 million, with a goal finalized for the public launch in 2024.

Mr. Jandreau stated that staff continues to view the proposed financing as advantageous to the University and requested the Board’s reauthorization of the financing.

Mr. Lisi requested a motion for approval up to \$65 million for the Quinnipiac University Issue, Series N (Amended and Restated Authorizing Resolution #2022-17). Ms. Martin moved for approval and Mr. Elbaum seconded the motion.

Mr. Lisi inquired about the timing of the reauthorization, which Mr. Jandreau confirmed would be another 6 months. Mr. Lisi also inquired about the endowment use of the University, which Mr. Jandreau confirmed that the draw rate of the University is 4.5% over the last two fiscal years.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini Lawrence Davis Steven L. Elbaum Darrell V. Hill Kimberly Kennison Peter W. Lisi Susan Martin	None	None

OVERVIEW OF PROPOSED LEGISLATIVE AGENDA

Mr. Giungi presented the legislative agenda for 2023, which included proposals for both CHEFA and CHEFA Community Development Corporation (CHEFA CDC). Mr. Giungi first presented the CHEFA proposals to expand projects eligible for CHEFA funding and to update CHEFA’s enabling statutes. Mr. Giungi then presented the CHEFA CDC proposal of the Connecticut Low-Income Community Tax Credit Program.

Mr. Kurowski expanded on the Connecticut Low-Income Community Tax Credit Program and provided an overview of the background and structure. Mr. Kurowski stated that staff advocated for more financial resources in the last two legislative sessions, in order for nonprofits to address social and economic needs in Connecticut’s low-income communities. Mr. Kurowski reported that the Connecticut New Market Tax Credit Program was viewed favorably, but there were concerns with legislators regarding its complexity and excessive financing costs.

After the presentation given by Mr. George Hunton, Director of Tax Credit Programs from the New Hampshire Community Development Finance Authority, regarding the New Hampshire Tax Credit Program and further evaluations staff has created an alternative program similar to the New Hampshire Tax Credit program. Mr. Kurowski explained that the Connecticut Low-Income Community Tax Credit Program would operate as follows:

- CHEFA CDC would review projects submitted by nonprofits and award tax credit allocations.
- The nonprofit would then seek business partners to invest in their project, making contributions to CHEFA CDC.
- CHEFA CDC would distribute tax credits equal to 75% of the contribution to the business and pass on those contributions to the nonprofit to be used for their projects.

Mr. Kurowski reported that the current proposal is seeking an annual contribution limit of \$5 million and tax credit pool of \$3.75 million. Mr. Kurowski stated that eligible projects would include construction and renovation of facilities, acquisition of machinery and equipment, and capital improvements; nonprofits could also use funding to finance investments in programs, to support staff, and to address sustainability. Mr. Kurowski then presented a one-page overview of the current proposal, which was met with positive feedback from the Board.

The floor was opened to questions and a brief discussion ensued.

Mr. Lisi requested a motion for acceptance of the legislative agenda as presented. Mr. Davis moved for approval and Mr. Elbaum seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini Lawrence Davis Steven L. Elbaum Darrell V. Hill Kimberly Kennison Peter W. Lisi Susan Martin	None	None

COMMITTEE REPORTS

Consultant Committee

Mr. Hill reported that the Consultant Committee met earlier today covering two action items. The first action item was to approve the amended meeting minutes from the Committee meeting held on October 19th. The second action item was a reauthorization of the firms to serve as underwriters, both senior managers and co-managers, as there was a correction to the original memorandum. Mr. Hill stated that Loop Capital Markets, LLC was inadvertently omitted from the original pool of senior managing and co-managing directors for underwriter and was therefore added in the re-approval, bringing the total to 26 firms.

Mr. Lisi requested a motion for acceptance of the Consultant Committee recommendation and approval of the addition of Loop Capital Markets, LLC as a senior managing and co-managing underwriter. Mr. Hill moved for approval and Ms. Kennison seconded the motion.

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

AYES

Michael Angelini
Lawrence Davis
Steven L. Elbaum
Darrell V. Hill
Kimberly Kennison
Peter W. Lisi
Susan Martin

NAYS

None

ABSTENTIONS

None

Audit-Finance Committee

Ms. Martin reported that the Audit-Finance Committee met earlier today to review a status report from staff regarding the recommendations from the internal audit. Ms. Peoples and Ms. Mackewicz provided updates on two categories of recommendations: those that pertain to information technology systems and those that do not. Recommendations pertaining to information technology systems were rolled into a strategic initiative that was presented by Ms. Peoples. The Committee also received a presentation from CTComp Partnership, which provided an overview of the recent partnership with CHEFA to enhance cybersecurity monitoring and mitigate vulnerabilities. CTComp will be working with staff to implement other recommendations provided in the internal audit. Ms. Martin reported that the review of the revised Audit-Finance Charter was deferred until the next Committee meeting in February 2023.

Grant Committee

Ms. Martin and Mr. Angelini recused themselves from discussion and vote regarding grant applications, as their employers, Middlesex Health and Yale New Haven Hospital, respectively, submitted applications for review.

Mr. Davis reported that the Grant Committee met earlier today to review and recommend applications for awards to the full Board of Directors for the FY 2023 Client Grant Program. Mr. Davis reported 23 applications that had received the highest ratings from the Internal Review Committee (IRC) were reviewed by the Committee out of a total of 50 Letters of Interest (LOI) applications that were received. The Committee sought to award \$1,001,452 of available funds

Mr. Angelini left the hybrid meeting at 2:49 p.m.

The Committee recommends the applications submitted by the following organizations for awarding:

- Capital Community College
- Catholic Charities Inc. – Archdiocese of Hartford
- Connecticut Children’s Medical Center
- Day Kimball Healthcare, Inc.
- Good Child Development Center, Inc.
- Griffin Hospital
- Middlesex Health
- Norwalk Hospital Association
- Quinebaug Valley Community College
- Saint Francis Hospital and Medical Center
- Saint Mary’s Hospital Foundation, Inc.
- Stamford Hospital
- The University of Connecticut Foundation, Inc.
- University of Bridgeport
- University of New Haven, Incorporated

Mr. Davis stated that the cumulative amount requested for these applications totals \$1,002,902.16. The Committee agreed to authorize management discretion on the disbursement of award amounts

to reduce the overall awarded amount by \$1,450.16 to meet the maximum \$1,001,452.00 allocated for FY 2023 Client Grant Program.

Mr. Lisi requested a motion for acceptance of the Grant Committee's recommendation of the 15 organizations to be awarded for the CHEFA FY 2023 Client Grant Program as listed by Mr. Davis, as well as to authorize management discretion on the disbursement of awards to reduce the overall award amount by \$1,450.16. Mr. Davis moved for approval and Mr. Elbaum seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>	<u>RECUSALS</u>
Lawrence Davis	None	None	Michael Angelini
Steven L. Elbaum			Susan Martin
Darrell V. Hill			
Kimberly Kennison			
Peter W. Lisi			

PROPOSED CY 2023 MEETING SCHEDULE

Mr. Lisi requested a motion to accept the CY 2023 Meeting Schedule. Mr. Davis moved for approval and Mr. Elbaum seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Lawrence Davis	None	None
Steven L. Elbaum		
Darrell V. Hill		
Kimberly Kennison		
Peter W. Lisi		
Susan Martin		

Mr. Angelini returned to the hybrid meeting at 2:51 p.m.

OTHER BUSINESS

Mr. Lisi noted that the next Board of Directors meeting is scheduled for January 18, 2023.

ADJOURNMENT

There being no further business, Mr. Davis moved to adjourn the meeting and Mr. Lisi seconded the motion.

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

AYES

NAYS

ABSTENTIONS

Michael Angelini
Lawrence Davis
Steven L. Elbaum
Darrell V. Hill
Kimberly Kennison
Peter W. Lisi
Susan Martin

None

None

The hybrid meeting adjourned at 2:53 p.m.

Respectfully submitted,

Jeanette W. Weldon
Executive Director