

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Minutes of Authority Board Meeting

June 15, 2022

The State of Connecticut Health and Educational Facilities Authority held a meeting via videoconference at 1:30 p.m. on Wednesday, June 15, 2022.<sup>1</sup>

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

PRESENT: Peter W. Lisi, Chair  
Michael Angelini, Vice Chair  
Lawrence Davis  
Steven L. Elbaum  
Darrell V. Hill (*Designee for CT State Treasurer Shawn T. Wooden*)  
Susan Martin

ABSENT: Kimberly Kennison (*Designee for Jeffrey Beckham, OPM Acting Secretary*)  
Alan Mattamana  
Mark Varholak

ALSO, PRESENT: Jeanette W. Weldon, Executive Director  
Rebecca Abblett, Administrative Services Assistant  
Denise Aguilera, General Counsel  
Rob Blake, Network Architect  
Dan Giungi, Government Affairs & Communications Specialist  
Josh Hurlock, Assistant Director, CHESLA  
Robert Jandreau, Sr. Finance Associate  
Dan Kurowski, Manager, Program Development & CHEFA CDC  
Carlee Levin, Senior Accountant  
JoAnne N. Mackewicz, Controller  
Michael F. Morris, Managing Director, Client Services  
Marlene Pagan, Transaction Analyst  
Cynthia D. Peoples-H., Managing Director, Operations & Finance  
Julia Pollano, Operations Reporting Analyst  
Kara Stuart, Manager, Administrative Services  
Betty Sugerman Weintraub, Manager of Grant Programs and Philanthropic  
Outreach of the Connecticut Health and Educational Facilities  
Authority

GUESTS: Alexia DiCiurcio, Analyst, Acacia Financial Group, Inc.  
Scott Gibson, Executive Director, Oppenheimer & Co. Inc.  
Deborah Henry, Principal Attorney, Hardwick Law Firm, LLC  
Aaron Levy, Partner, Shipman & Goodwin LLP

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

Shelby L. Lobitz, Analyst, Acacia Financial Group, Inc.  
Thomas Marrion, Partner, Hinckley Allen  
Josh Nyikita, Managing Director, Acacia Financial Group, Inc.  
Erick Russell, Esq., Pullman & Comley, LLC  
Edward Samorajczyk, Jr., Esq., Partner, Robinson + Cole LLP  
Liz Schramek, Director, Oppenheimer & Co. Inc.  
Toby Shea, Partner, One Point<sup>2</sup>  
Trina Smith, Sr. Managing Consultant, Public Financial Management, Inc.  
Jane Warren, Esq., McCarter & English, LLP  
Laura Whitney, Vice President of Finance & Administration, University of  
Hartford  
Chris Wisneski, IT Security & Assurance Services Manager, Whittlesey  
Gregory Woodward, President, University of Hartford  
Ann Zucker, Partner, Carmody Torrance Sandak & Hennessey LLP

### **APPROVAL OF MINUTES**

Mr. Lisi requested a motion to approve the minutes of the May 18, 2022 meeting of the Board of Directors. Mr. Elbaum moved to approve the minutes and Mr. Angelini seconded the motion.

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

#### **AYES**

Michael Angelini  
Steven L. Elbaum  
Darrell V. Hill  
Peter Lisi  
Susan Martin

#### **NAYS**

None

#### **ABSTENTIONS**

Lawrence Davis<sup>3</sup>

### **BOARD EDUCATION - CYBERSECURITY**

#### **Whittlesey: Christopher Wisneski, IT Security and Assurance Services Manager**

Ms. Peoples introduced Mr. Christopher Wisneski, IT Security and Assurance Services Manager from Whittlesey. Mr. Wisneski gave a presentation on Emerging Trends in Cybersecurity.

Mr. Wisneski stated that since March 2020, phishing attacks have increased over 667% and reported cybercrimes have increased 300% in the United States. Mr. Wisneski further highlighted ransomware trends and provided tips for staying secure with public/Free WIFI and general cybersecurity best practices.

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<sup>2</sup> Mr. Toby Shea joined the videoconference meeting at 2:11 p.m.

<sup>3</sup> Mr. Lawrence Davis abstained from voting as he did not attend the May 18, 2022 Board of Directors Meeting.

The floor was opened to questions and a brief discussion ensued. Mr. Wisneski provided an example of the ransomware trend “double-tap” as when a company’s data is first stolen by being downloaded coupled with encrypting their network.

Mr. Wisneski left the videoconference meeting at 1:57 p.m. Mr. Lisi thanked Ms. Peoples for coordinating this informative presentation.

## **EXECUTIVE DIRECTOR’S REPORT**

### **Authority Updates**

Ms. Weldon reported that yesterday CHESLA closed a bond transaction of approximately \$75 million, with a new money tax-exempt component and an advance refunding taxable component to release some trapped equity in the 1990 trust. The bonds were sold on May 19, 2022. The new loan interest rate for the 2022-2023 academic year will be 5.49%, which is an increase over the prior bond rate of 4.59% but compares favorably to the federal plus loan rate which has been reset at 7.5%.

Ms. Weldon also noted the recent blog posting on The Center for Effective Philanthropy website written by Ms. Sugerman Weintraub about CHEFA’s capital grant funding. Ms. Weldon encouraged meeting participants to review the posting.

### **Client Updates**

Mr. Morris reported on the financing forecast stating that there was a new financing for the Area Cooperative Educational Services (“ACES”) to purchase an elementary magnet school located in Hamden, which is currently being leased. Key Bank will be the purchaser for the \$12.8 million private placement offering.

Mr. Morris stated that CHEFA is working to price four remarketings for Yale University, totaling over \$420 million, which is expected to close on July 1, 2022. The Village of Families and Children for \$14.1 million is scheduled to close on June 16, 2022. Finally, Yale New Haven Health will be paying off its 2012 Bridgeport Hospital for approximately \$10 million, which is scheduled for July 1, 2022.

### **Financial Report – April 30, 2022**

Ms. Mackewicz reported on the 10 months ending April 30, 2022. Operating revenues exceed operating expenses year-to-date by \$3.1 million. After program expenses of \$1.1 million there is a positive change in net position of \$74,000. Expenses are under budget by \$101,000. There are no notable items for April.

### **Interest Rate Report**

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

### **Market Updates**

Mr. Jandreau reported that currently the municipal market continues to be subject to large swings in volatility due to the impact of rising interest rates, rising inflation, Federal Reserve monetary policy, and equity market volatility. Municipal Bond Funds continue to experience outflows which has resulted in further selling pressure in the municipal markets. Mr. Jandreau reported that there have been twenty-two consecutive weeks of outflows bringing the year-to-date total to \$68.7 billion, representing the second largest outflow cycle since the data series began in 1992.

Mr. Jandreau stated that staff does not have anything to highlight on the transaction report given the lack of reportable new issues in the higher education and health sectors.

### **CHESLA Updates**

Mr. Hurlock provided a brief update on the following items:

- In-School Loan Program fiscal year loan volume and fiscal year comparison
- Refi CT fiscal year loan volume and fiscal year comparison

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

- Scholarships for students pursuing an undergraduate degree:
  - Applications for 2022-2023 awards closed on May 1, 2022
  - Mr. Hurlock stated that at the CHESLA Board meeting on June 17th staff will seek Board approval for the awards for the upcoming fiscal year
- Scholarships for students pursuing a healthcare or manufacturing certificate program:
  - FY 2022 has disbursed all 24 certificate scholarships totaling \$30,000
  - Applications for the 2022-2023 awards will open July 1, 2022

Mr. Hurlock reported on the in-person events in which CHESLA has participated, including the Annual Southern Connecticut College Fair in Bridgeport, Spring Path College Fair, Annual Guidance Symposium, the Money Madness conference, and the FOX Student News Awards. Mr. Hurlock also stated that CHESLA has contacted over 150 high-schools via electronic mailing and telephonic

conversations. Five presentations have been given and two more presentations are scheduled for Fall 2022.

### **PRELIMINARY STAFF MEMO**

#### **Hopkins School Issue, Series E**

Mr. Morris reported on the Hopkins School Issue, Series E, intending to issue up to \$26 million as a public offering for the day school located in New Haven. This day school was founded over 360 years ago and is the third oldest independent school in the United States and enrolls just over 700 students. Proceeds will be used to finance the construction of a new academic and performing arts center, as well as to refinance existing bond issues totaling approximately \$9.4 million depending on market conditions.

Mr. Morris reported that the school is currently rated AA- by S&P, which was last affirmed on May 22, 2022, and will most likely remain for this bond issue. The issue, will be a fixed rate, thirty-year offering and secured by a pledge of tuition revenues. Mr. Morris stated that the demand profile is very strong with a steady enrollment over the past five years at the school's desired full enrollment level. Mr. Morris also stated that the school has very favorable matriculation rates and a strong student quality.

Mr. Morris reported that selectivity of the school has fluctuated between 40% and 50%, which is the result of a steady decline in applications since 2020. Mr. Morris stated that operating performance has been very impressive, with strong operating and operating cash flow margins over the past five years. S&P commented that the school had limited revenue diversity with high dependence on tuition generated fees over 80% for FY 2021 comparing unfavorably to the AA median of 63.5%.

Mr. Morris reported that the financial resources of the school are strong, with total cash and investments of \$213 million, providing a strong cushion for pro forma debt and 2021 operating expenses. With \$16 million of additional debt, debt service will continue to be manageable with a low debt service burden of approximately 3% of 2021 operating expenses and strong pro forma debt service coverage.

Mr. Morris stated that the average age of the plant is slightly elevated at over 15.5 years, but this should be addressed with future fundraising initiatives. A brief discussion ensued.

With the University of Hartford staff present, Mr. Jandreau inquired whether the order of the presented final memos could be switched.

Mr. Elbaum recused himself from the University of Hartford Issue, Series P as his firm, Robinson+Cole, is involved in the transaction. Mr. Elbaum left the videoconference meeting at 2:12 p.m.

### **FINAL STAFF MEMO AND AUTHORIZING BOND RESOLUTION (2022-09)**

#### **University of Hartford Issue Series P**

Mr. Jandreau reported that The University of Hartford has been amid changes since 2017, when the University brought in a new President, a new Vice President of Marketing and Enrollment, and a newly appointed Vice President of Finance and Operations. In 2019, the University received CHEFA approval of up to \$150 million, which included plans to refinance all the University's outstanding privately placed debt and to finance the construction of a new academic building and other various capital improvements on the campus. At that time, Staff noted the University's challenges of deteriorating operating performance and weak matriculation. Staff recommendation was made at that time based on the benefits gained from the elimination of put related risks, interest rate risks, and the restructuring of debt service that existed through 2049. Staff was encouraged by the prospect of a new academic building, to house a new nursing program and the engineering school, as well as the prospect of a bold strategic plan that was nearing its final stages of completion.

Last month, Staff provided a brief summary of the University's Strategic Plan, which is expected to be carried out over a five-year period and run in tandem with a Financial Stability Plan. Mr. Jandreau stated that these plans, in combination with all the undertakings the University has already implemented, are aimed at increasing student experience and beautifying the campus to similar levels of competing universities. Coupled with the addition of new programs, new majors, and other initiatives, Mr. Jandreau stated that the University of Hartford Issue Series P should translate into greater brand identity for the University. This greater brand identity will allow for the University to attract new students, grow enrollment, increase retention, and place the University in an improved financial position from which to operate.

Mr. Jandreau highlighted an error in the University of Hartford Issue Series P Final Memo which impacts the financial covenants. The liquidity covenant should read that the Institution shall maintain

a ratio of cash and investments to debt of at least 50%. This corrects what is listed as unrestricted net assets to total debt of at least 20%.

Mr. Jandreau stated that the Staff recommendation is contingent upon the University's ability to obtain an updated credit rating of BBB- from S&P, which is expected to occur in two weeks. Therefore, Staff would like to request the Board's approval based on this contingency of up to \$25.5 million to finance the various other capital projects, including the renovations to the University's largest resident community housing approximately 900 students, a new outdoor track. and health and wellness center. Mr. Jandreau noted that the University is fundraising to help offset the costs of these capital projects and has been successful in previous fundraising efforts. The University has secured approximately \$13 million of a \$20 million goal towards projects and is in the process of exploring a new comprehensive campaign.

Mr. Lisi requested a motion for acceptance of Staff's recommendation and approval up to \$25.5 million for the University of Hartford Issue Series P (Authorizing Resolution #2022-09) contingent upon the S&P investment rating not reducing below BBB- for the University of Hartford. Mr. Davis moved for approval and Mr. Angelini seconded the motion.

The floor was opened to questions and a discussion ensued. Mr. Greg Woodward, University President, spoke on behalf of the University about the impact of the proposed infrastructure plan, which includes increased student retention, higher graduation rates, and at-capacity academic programs. The University has also currently surpassed the student capacity that was previously budgeted for the upcoming Fall semester. Mr. Woodward stated that \$13 million is earmarked for student experience and \$7 million are scheduled to be raised through various fundraising events, totaling approximately \$20 million of additional funding for this project. Ms. Laura Whitney, University of Hartford CFO, clarified that the negative S&P outlook for the sector, which included the University, is due to the COVID-19 pandemic.

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

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

Mr. Woodward and Ms. Whitney left the videoconference meeting at 2:39 p.m.

Mr. Elbaum returned to the videoconference meeting at 2:39 p.m.

**FINAL STAFF MEMO AND AUTHORIZING BOND RESOLUTION (2022-10)**

**LiveWell Alliance Issue Series B**

Last month, Staff presented a credit review of LiveWell, where it was conveyed that the proposed transaction was very similarly structured to non-rated privately placed direct purchase but within a limited public offering framework. The decision to pursue a non-rated limited public offering versus a non-rated direct purchase was based upon the purchaser's requirement that a CUSIP be attached to the issued securities. The entire estimated par amount of \$81.6 million of bonds to be issued will be sold directly to Hamlin Capital Management, whom Staff also made available at last month's meeting. Mr. Jandreau stated that Hamlin Capital Management has agreed to execute an investor letter stipulating that they are an accredited investor and that the responsibility for due diligence and credit review remains with Hamlin Capital Management despite this being a limited public offering.

Mr. Jandreau reported that LiveWell has exhibited good operating performance resulting in surpluses from operations in each of the past five years. With over 30 years of experience, Mr. Jandreau also noted that the organization has exhibited a high level of adeptness within its specialty of dementia care, where various other providers from across the United States seek their assistance to make improvements upon delivery of services for those providers. Mr. Jandreau expressed that LiveWell has also faced challenges involving the conversion of their skilled nursing model to an assisted living care model, the completion of a construction project, the achievement of full capacity of the newly constructed units, and the securing of a more permanent option of financing from the current bridge-style financing.

Mr. Jandreau stated that the project construction will commence in two phases: April 2022 and May 2022. Mr. Jandreau also stated that the newly constructed phase one units are expected to be made available in June 2023, and the newly constructed phase two units are expected to be made available in December 2024. Mr. Jandreau noted that LiveWell anticipates achieving stabilized occupancy of the new units in September 2025.

Mr. Jandreau reported that a feasibility study was conducted by the largest certified public accounting firm headquartered in the Southern United States. The feasibility study provided a draft opinion of the financial forecasts associated with the proposed project and financing, claiming that sufficient funds are provided to meet LiveWell's operating expenses, working capital needs, and other financial requirements including debt service requirements.

Mr. Jandreau reported that Staff recommends the proposed financing based on the combination of Hamlin Capital Management's due diligence and credit analysis, LiveWell's ability to successfully operate in the area of dementia care, LiveWell's \$4.5 million equity contribution, and the findings of the feasibility study that support the financial forecasts of this project.

Mr. Lisi requested a motion for approval for the LiveWell Alliance Issue Series B (Authorizing Resolution #2022-10). Mr. Angelini moved for approval and Mr. Elbaum seconded the motion.

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

**AYES**

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

**NAYS**

None

**ABSTENTIONS**

None

**APPOINTMENT OF ODEON CAPITAL AS UNDERWRITER**

Mr. Morris reported that Odeon Capital Group has requested to be added to the Authority's Managing Underwriters approved list, specifically for the LiveWell Alliance proposed limited public offering. Mr. Morris stated that the Authority's Policy has been to approve underwriting firms on a rolling basis in between the Underwriter approval cycle, which will occur in October 2022.

Mr. Morris reported that the firm was founded in 2008 and headquartered in New York City, New York. The firm is an independent, full-service boutique broker dealer and investment banking firm, serving institutional investors and high net-worth individuals. The firm is also registered with the SEC and a member of the FINRA and Securities Investors Protection Corporation. Mr. Morris also stated that the lead banker for the LiveWell transaction has over 27 years of experience in municipal finance and has worked at several large investment banking firms.

Mr. Morris reported on the senior manager experience of Odeon Capital, noting that Odeon Capital has served as Senior Manager for ten transactions, totaling over \$600 million, over the past three years. All ten transactions were non-rated offerings sold only to institutional investors. Mr. Morris stated that Odeon Capital recently served as Senior Manager for two senior living facility transactions, both of which were non-rated and structured very similar to the proposed LiveWell offering with Hamlin Capital Management as the purchaser.

Mr. Morris reported that Staff recommends Odeon Capital to be added to the Authority's approved Senior Underwriter list to serve as the Senior Manager for the LiveWell transaction. This recommendation is based on Odeon Capital's experience serving as a senior manager on non-rated transactions similar to the proposed LiveWell transaction.

Mr. Lisi requested a motion for the appointment of Odeon Capital as Underwriter. Mr. Elbaum moved for approval and Ms. Martin seconded the motion.

The floor was opened to questions and a brief discussion ensued. Mr. Morris clarified that Odeon Capital is being appointed as an Underwriter for the LiveWell transaction only and not in general, since full-time appointments will be discussed in October 2022. Key metrics for appointing Underwriters include experience and net access capital.

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

**AYES**

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

**NAYS**

None

**ABSTENTIONS**

None

**COMMITTEE REPORTS**

**Audit-Finance Committee**

Ms. Martin stated that the Audit-Finance Committee met earlier today covering two agenda items. The first agenda item was a presentation by the BLX Group regarding a follow-up internal audit engagement with arbitrage procedures and calculations. Upon the information presented and low-

risk findings from the BLX Group, the Committee voted to approve the Internal Audit Engagement Report. The second agenda item was a presentation of the FY 2023 Proposed Operating and Capital Budgets from Ms. Peoples. The FY 2023 Capital Budget, proposes approximately \$320,000 for a Client Portal. The Committee voted to recommend both the FY 2023 Operating Budget and the FY 2023 Capital Budget.

Mr. Lisi requested a motion for the acceptance of the Audit-Finance Committee recommendation and adoption of FY 2023 Operating and Capital Budgets. Mr. Lisi moved for approval and Ms. Angelini seconded the motion.

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

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

**Human Resource Committee**

**a. CHEFA Money Purchase Pension Plan – Amendment and Restatement Resolution**

Mr. Angelini reported that a brief review of the CHEFA Money Purchase Pension Plan was given by Ms. Aguilera, and Ms. Aguilera highlighted certain changes that required an amended and restatement document. Mr. Angelini stated that the changes are all ministerial, with some of these changes being implemented due to changes in the law.

Ms. Aguilera highlighted a clerical error in the CHEFA Money Purchase Pension Amended and Reinstated Trust document that was submitted, where “Trust” needs to be added after the title at the top of the page.

Mr. Lisi requested a motion for the adoption of the CHEFA Money Purchase Pension Plan Amendment and Restatement Resolution (2022-11). Mr. Davis moved for approval and Mr. Lisi seconded the motion.

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

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTENTIONS</u></b>
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Michael Angelini  
Lawrence Davis  
Steven L. Elbaum  
Darrell V. Hill  
Peter Lisi  
Susan Martin

None

None

**b. Executive Session (Personnel Matter-Executive Director Performance Evaluation)**

Mr. Angelini reported that the Human Resource Committee voted to recommend a merit increase for the Executive Director based on the FY 2022 performance evaluation.

Mr. Angelini requested a motion to go into Executive Session at 3:00 p.m. to discuss the performance evaluation of the Executive Director. Mr. Lisi moved to go into Executive Session and Mr. Angelini 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  
Peter Lisi  
Susan Martin

**NAYS**

None

**ABSTENTIONS**

None

At 3:00 p.m. all Board members left the videoconference meeting to attend the Executive Session via a separate videoconference meeting room.

All Board members returned to the videoconference meeting at 3:15 p.m. Mr. Lisi stated that there were no votes taken during Executive Session.

Mr. Lisi requested a motion to approve the Human Resources Committee recommendation for a merit increase for the Executive Director effective July 1, 2022. Mr. Angelini moved for approval and Ms. Martin 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  
Peter Lisi  
Susan Martin

None

None

**OTHER BUSINESS**

Mr. Lisi noted that the Health Equity Forum is scheduled for June 23, 2022 at 9:00 a.m. to 11:00 a.m. and encouraged members to attend.

**ADJOURNMENT**

There being no further business, at 3:18 p.m., Mr. Hill moved to adjourn the meeting and Ms. Martin 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  
Peter Lisi  
Susan Martin

**NAYS**

None

**ABSTENTIONS**

None

The meeting adjourned at 3:18 p.m.

Respectfully submitted,

Jeanette W. Weldon  
Executive Director