

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Minutes of Authority Annual Board Meeting

September 21, 2022

The State of Connecticut Health and Educational Facilities Authority held an annual meeting via videoconference and in-person at 1:30 p.m. on Wednesday, September 21, 2022.

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

PRESENT: Peter W. Lisi, Chair¹
Lawrence Davis²
Steven L. Elbaum
Darrell V. Hill (*Designee for CT State Treasurer Shawn T. Wooden*)
Kimberly Kennison (*Designee for Jeffrey Beckham, OPM Acting Secretary*)³
Susan Martin

ABSENT: Michael Angelini, Vice Chair
Alan Mattamana
Mark Varholak

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Rebecca Abblett, Administrative Services Assistant
Denise Aguilera, General Counsel
Rob Blake, Network Architect⁴
Robert Jandreau, Sr. Finance Associate
Krista Johnson, Compliance Specialist⁵
Dan Kurowski, Manager, Program Development & CHEFA CDC
Carlee Levin, Senior Accountant⁶
JoAnne N. Mackewicz, Controller
Michael F. Morris, Managing Director, Client Services⁷
Marlene Pagan, Transaction Analyst⁸
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

¹ Peter W. Lisi participated in the meeting via teleconference that permitted all parties to hear each other.

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

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

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

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

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

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

⁸ Marlene Pagan participated in the meeting via teleconference that permitted all parties to hear each other.

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the minutes of the July 20, 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:

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

EXECUTIVE DIRECTOR’S REPORT

Authority Updates

Ms. Weldon reported that the state auditors have arrived to audit fiscal years 2020 and 2021. Ms. Weldon noted that the state auditors, compared to the independent auditors, are more focused on compliance with policies, procedures, and statutes.

Ms. Weldon stated that on October 14, 2022, CHEFA and CHESLA Staff will be involved in a Day of Service to assist with indoor and outdoor cleanup at a Salvation Army childcare center in Hartford.

Ms. Weldon reported that, in response to a recent client survey, Staff will be launching a quarterly client newsletter. Ms. Weldon noted that the first issue will be published after the general election in November to incorporate legislative commentary. The newsletter will also include industry insights, as well as sector trends and developments. Ms. Weldon stated that the distribution of the newsletter will be to clients, legislators, prospective clients, and grant recipients. Ms. Weldon clarified, based on Mr. Lisi’s inquiry, that the distribution will be electronic only.

Client Updates

Mr. Morris reported on the recent application from the American School for the Deaf, which involves a private placement with M&T Bank as the Purchaser. Mr. Morris stated that the \$20 million offering will be used towards constructing two new dormitories and renovating a maintenance building. Mr. Morris noted that this offering will be seeking approval in November.

Mr. Morris reported that Eagle Hill School is seeking to refund the 2016 Eagle Hill School Issue, Series B, with \$12.5 million outstanding. Mr. Morris stated that this refunding is a private placement but the bank has not been selected yet. Mr. Morris noted that staff will be seeking approval for the issuance in October.

Mr. Morris reported on the delay in the Hopkins School financing, due to the rise in construction costs of approximately 20%. Mr. Morris stated that the School is in the process of scaling back the project and pricing should be moving forward in October.

Mr. Morris reported that Quinnipiac University is waiting on town approval for its project. Mr. Morris stated that this project will not move forward until approximately November, which will be after the independent audit of their fiscal year 2022 financial statements.

Mr. Morris reported on the recent ACES bond closing of \$12.8 million as a private placement with Key Bank.

Mr. Morris stated that he and Ms. Weldon are resuming client outreach meetings. Mr. Morris and Ms. Weldon recently met with CCMC concerning their \$280 million project, which will be partially funded by bonds through CHEFA and expected to be priced early next year. Mr. Morris noted that meetings are also scheduled with Hartford Healthcare, Stamford Hospital, Yale New-Haven Health, Griffin Hospital, and Nuvance.

Interest Rate Report

Ms. Peoples reported on the headlines relating to the latest movements in the federal funds rate and the yield curve. Ms. Peoples clarified that the MMD curves (presented in the yield curve graph) are also current data reported this week.

Market Updates

Mr. Jandreau reported no updates regarding recent transactions in the market. Mr. Jandreau stated that the lack of transactions may reflect the interest rate impact on the issuing environment.

ELECTION OF VICE CHAIR

Mr. Lisi reported, due to Mr. Angelini’s absence in the meeting, that he previously spoke with Mr. Angelini about continuing to serve as Vice Chair. Mr. Lisi stated that Mr. Angelini has accepted the nomination to serve as Vice Chair.

Mr. Lisi requested a motion to accept Mr. Michael Angelini as the Vice Chair of the Board of Directors. Mr. Kennison moved for approval and Mr. Lisi 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 Lisi		
Susan Martin		

CHEFA REVOLVING LOAN FUND (AUTHORIZING RESOLUTION 2022-14)

Mr. Kurowski proposed a resolution to expand the Revolving Loan Fund program and provide financial assistance to Connecticut 501(c)(3) organizations whose mission falls within CHEFA’s designated sectors, and including non-clients as well as clients. Mr. Kurowski stated that this resolution also contains the Annual Funding Cycle Notice 2023A and the Delinquency/Default Management Plan.

Mr. Kurowski gave a presentation on “CHEFA Revolving Loan Fund Program – Annual Funding Cycle Notice 2023A”. The presentation included an overview on the following topics:

- Program Overview
- Program Projections for the Period of 10/01/2022 – 09/30/2023
- Annual Funding Cycle Notice: 2023A
- Underwriting Guidelines
- Similar Loan Programs
- Risk Management

During the presentation, Mr. Lisi inquired about the designated sectors of eligible applicants. Mr. Kurowski clarified that there are a number of 501(c)(3) organizations that would not fall under the designated sectors such as foundations, athletic organizations, and others.

Mr. Kurowski noted a typo in the underwriting guidelines. Mr. Kurowski stated that under Section C, Cash Flow Analysis, the debt service coverage ratio should be “of at least 1.25 times over a three-year period” instead of “of at least 1.1 times over a three-year period”.

The floor was open to questions and a brief discussion ensued concerning the borrowers and use of funds.

Mr. Lisi requested a motion for approval for the CHEFA Revolving Loan Fund to expand the CHEFA Loan Fund Program, approve the Annual Funding Cycle Notice 2023A, and adopt the Delinquency/Default Management Plan (Authorizing Resolution #2022-14). Mr. Elbaum moved for approval and Ms. Martin seconded the motion.

Ms. Kennison inquired about the Delinquency and Default Plan, and Mr. Kurowski clarified that there have been no delinquencies in the program thus far and that all the borrowers are currently CHEFA clients.

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 Lisi		
Susan Martin		

APPOINTMENT OF CHEFA COMMUNITY DEVELOPMENT CORPORATION BOARD OF DIRECTORS (AUTHORIZING RESOLUTION 2022-15)

Mr. Kurowski presented the resolution to appoint the CHEFA Community Development Corporation (CDC) Board of Directors. Mr. Kurowski stated that CHEFA has the right to appoint members to the CHEFA CDC Board of Directors and that at least one-half of the CHEFA CDC Board of Directors must be members of the CHEFA Board of Directors. Mr. Kurowski stated that ten members are being appointed, nine of which are members of the current CHEFA Board of Directors and one position is currently vacant.

Mr. Lisi requested a motion for approval of the Appointment of CHEFA Community Development Corporation Board of Directors (Authorizing Resolution #2022-15). Ms. Martin moved for approval and Mr. Davis seconded the motion.

Mr. Hill inquired about the financial reporting of CHEFA CDC, and Mr. Kurowski stated that CHEFA CDC financials are reported together with CHEFA financials.

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 Lisi		
Susan Martin		

COMMITTEE REPORTS

Grant Committee

Mr. Davis reported that the Grant Committee conducted a meeting on September 9, 2022. Mr. Davis stated that the meeting provided an opportunity to discuss new perspectives in philanthropy and re-evaluate practices of the CHEFA grant program. The meeting offered a presentation from Ms. Andrea Levere, President Emerita of Prosperity Now and Executive Fellow of Yale School of Management, on enterprise capital. Mr. Davis reported that Ms. Levere’s presentation was thought-provoking and promoted valuable discussion. Mr. Lisi thanked Ms. Betty Sugerman Weintraub and Ms. Weldon for organizing the presentation.

The Grant Committee voted on two items needing acceptance by the Board of Directors. The first item is the recommendation for the \$2 million allocation of grant funding to be split into \$1 million each for the client and non-client grant cycles.

Mr. Lisi requested a motion for the approval of the Grant Committee recommendation for the \$2 million allocation of grant funding to be split into \$1 million each for the client and non-client grant cycles. Mr. Davis moved for approval and Mr. Lisi 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 Lisi		
Susan Martin		

The second item that the Grant Committee proposed to the Board of Directors is the recommendation for an allocation of up to \$100,000 for grant awards in the cultural sector from within the allocation to the non-client grant cycle. Mr. Davis stated that the cultural sector has historically received fewer grants compared to the other sectors (i.e. healthcare, education, and childcare). Mr. Davis explained that if any amount remains of the \$100,000 allocated for grant awards in the cultural sector, the amount will be added back to the non-client grant fund pool.

Mr. Lisi requested a motion for the acceptance of the Grant Committee recommendation and approval of the allocation of up to \$100,000 (from the total non-client allocation) for grant awards in the cultural sector, with any unused funds returning to the non-client grant pool of dollars. 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 Lisi		
Susan Martin		

Audit-Finance Committee

Ms. Martin reported that the Audit-Finance Committee met earlier today and heard two presentations answering the Request for Proposal concerning the engagement of the internal audit work. The Committee had a lengthy discussion and ultimately recommended BerryDunn as an independent auditor to CHEFA for a three-year engagement.

Ms. Martin requested a motion for the approval of the Audit-Finance Committee recommendation to appoint BerryDunn as an independent auditor to CHEFA for a three-year engagement. Mr. Lisi moved for approval and Mr. Davis seconded the motion.

Ms. Kennison inquired about obtaining the internal audit reports, and Ms. Peoples clarified that the Board will receive the internal audit reports. Ms. Peoples also clarified that the independent auditor first conducts a risk assessment to determine areas of high risk, then audits those areas identified in the risk assessment.

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

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

Ms. Martin also reported that the Audit-Finance Committee met with representatives from Whittlesey to discuss the independent audit report that was recently conducted, which provided a clean opinion of the audited financial statements. Mr. Lisi stated that, after the independent auditor presentation, the Committee went into Executive Session to discuss the results of the independent audit without the presence of management.

Mr. Lisi requested a motion for the approval of the Audit-Finance Committee recommendation to accept the audited financial statements and independent audit report presented by Whittlesey. Mr. Davis moved for approval and Ms. Martin seconded the motion.

Ms. Peoples thanked Staff for their work on the independent audit, and Ms. Martin supported this praise.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Lawrence Davis Steven L. Elbaum Darrell V. Hill Kimberly Kennison	None	None

Peter Lisi
Susan Martin

ADJOURNMENT

There being no further business, at 2:10 p.m., Mr. Lisi moved to adjourn the meeting and Ms. Kennison 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 Lisi		
Susan Martin		

The hybrid meeting adjourned at 2:11 p.m.

Respectfully submitted,

Jeanette W. Weldon
Executive Director