

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Minutes of Authority Board Meeting

June 18, 2024

The State of Connecticut Health and Educational Facilities Authority held a meeting via videoconference on Tuesday, June 18, 2024.¹

The videoconference meeting was called to order at 1:33 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 Chair
Bettina Bronisz (*Alternate Designee for CT State Treasurer Erick Russell*)
Steve L. Elbaum
Susan Martin
Alan Mattamana
Cesarina Thompson

ABSENT: Lawrence Davis
Kimberly Kennison (*Designee for Jeffrey Beckham, OPM Secretary*)
Mark Varholak

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Rob Blake, Manager of Information Technology & Cybersecurity
Charles Bodie, Managing Director of Finance and Operations
Dan Giungi, Government Relations and Communications Specialist
Rebecca Hrdlicka, Sr. Administrative Services Assistant
Robert Jandreau, Sr. Finance Associate
Krista Johnson, Compliance Specialist
Dan Kurowski, Manager of Program Development & CHEFA CDC
Andrew Kwashnak, Senior Systems & Data Analyst
Carlee Levin, Sr. Accountant II
JoAnne N. Mackewicz, Controller
Michael F. Morris, Managing Director, Client Services
Julia Pollano, Operations Reporting Analyst
Kara Stuart, Manager of Administrative Services
of Connecticut Health and Educational Facilities Authority

APPROVAL OF MINUTES

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

Mr. Lisi requested a motion to approve the minutes of the May 15, 2024 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
Steve L. Elbaum
Peter W. Lisi
Susan Martin
Cesarina Thompson

NAYS

None

ABSTENTIONS

Bettina Bronisz²
Alan Mattamana³

COMMITTEE REPORTS

Human Resources Committee

Mr. Angelini reported that the Human Resources Committee met earlier today to discuss the performance evaluation and merit increase of the Executive Director. Mr. Angelini requested a motion to go into Executive Session at 1:38 p.m. to discuss the performance evaluation of the Executive Director. Mr. Lisi moved to go into Executive Session and Mr. Mattamana seconded the motion.

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

AYES

Michael Angelini
Bettina Bronisz
Steve L. Elbaum
Peter W. Lisi
Susan Martin
Alan Mattamana
Cesarina Thompson

NAYS

None

ABSTENTIONS

None

At 1:39 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 2:00 p.m. Mr. Lisi stated that there were no votes taken during Executive Session.

Ms. Bronisz left the videoconference meeting at 2:01 p.m.

² Ms. Bronisz abstained from voting as she did not attend the Board of Directors meeting held on May 15, 2024.

³ Mr. Mattamana abstained from voting as he did not attend the Board of Directors meeting held on May 15, 2024.

Mr. Lisi requested a motion to approve the Human Resources Committee recommendation for a merit increase for the Executive Director effective July 1, 2024. Mr. Mattamana moved for approval and Mr. Angelini seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini	None	None
Steve L. Elbaum		
Peter W. Lisi		
Susan Martin		
Alan Mattamana		
Cesarina Thompson		

Audit-Finance Committee

Ms. Martin stated that the Audit-Finance Committee met earlier to review the internal audit reports from BerryDunn as well as a presentation of the FY 2025 proposed operating and capital budgets.

Ms. Martin provided a brief overview of the results and recommendations of the internal audit reports.

Mr. Bodie presented the FY 2025 proposed operating budget which includes operating revenues of \$8.19 million, operating expenses of \$4.658 million and non-operating expenses of \$1.1 million, resulting in an increase in net position of \$2.4 million. Mr. Bodie then provided a high-level overview on the factors relating to the revenues and expenses, including the projected new bond issuances, salaries and benefits, general and administrative expenses, contracted services, investment income, childcare program expenses, and grant program allocated funds. Finally, Mr. Bodie provided a brief overview on the FY 2025 proposed capital budget totaling approximately \$155,000. Ms. Martin reported that the FY 2025 proposed operating and capital budgets was unanimously accepted by the Committee for adoption by the Board.

The floor was opened to questions and a discussion ensued.

Mr. Lisi requested a motion to accept the Audit-Finance Committee’s recommendation and adoption of the FY 2025 operating and capital budgets. Mr. Mattamana moved for approval and Mr. Elbaum seconded the motion.

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

AYES

Michael Angelini
Steve L. Elbaum
Peter W. Lisi
Susan Martin
Alan Mattamana
Cesarina Thompson

NAYS

None

ABSTENTIONS

None

EXECUTIVE DIRECTOR’S REPORT

Authority Updates

Ms. Weldon reported on the upcoming webinar hosted by CHEFA on June 25th at 1:00 p.m. regarding artificial intelligence (AI) applications in the municipal bond market.

Client Updates

Mr. Morris reported on the recent remarketing for the Yale University 2015A bond series totaling approximately \$254 million. Mr. Morris also reported on the recent pricing for the Yale New Haven Health 2024A & 2024B bond series, which will be presented by Mr. Josh Nyikita of Acacia Financial.

Mr. Morris provided updates on the Revolving Loan Fund, where the increased loan amount was approved at the previous Board meeting. Mr. Morris stated that the updated Revolving Loan Fund has been well-received and reported on multiple applications in various stages, including those from Canterbury School (existing CHEFA client), New Canaan YMCA (existing CHEFA client), Wallingford YMCA (non-client), UCONN Foundation (non-client), and a childcare facility.

Market Updates

Mr. Jandreau reported on the conditions of the municipal market, headlines relating to the Federal Reserve, and changes for the federal funds rate.

SALES REPORT

Yale New Haven Health Issue, Series A & B

Mr. Josh Nyikita of Acacia Financial provided a transaction and pricing overview for the Yale New Haven Health Issue Series 2024A & 2024B that will close in July 2024 and were priced June 11, 2024 for approximately \$156.7 million and \$158.1 million, respectively. Mr. Nyikita reported that the sales were negotiated with an A+ credit rating from Fitch and an AA- credit rating from S&P. Mr. Nyikita reported on market conditions and bond volume supply, as well as on preliminary pricing

levels entering the sale. Mr. Nyikita reported that the sale was very well received, with a robust order across all maturities and an overall subscription at approximately 6.4x.

FINAL STAFF MEMOS AND AUTHORIZING BOND RESOLUTIONS

Fairview Issue, Series 2024 (Authorizing Resolution #2024-08)

Mr. Jandreau reported that Odd Fellows Healthcare, doing business as Fairview, is seeking approval for up to \$23 million. Mr. Jandreau reported that the proposed transaction will involve both tax-exempt and taxable debt via a direct purchase with Chelsea Groton Bank. Mr. Jandreau outlined that Fairview is changing its business model from a long-term care business to a continuing care retirement community (CCRC). Mr. Jandreau then provided an overview of Fairview’s repositioning strategy and revenue structure, which is projected to achieve a 39% operating margin and generate \$3.25 million of annual net cash flow.

Mr. Jandreau reported that Fairview is working with a private commercial real estate finance and investment company for the proposed project, so the direct placement with Chelsea Groton Bank is integral for the success of the project. Mr. Jandreau stated that additional short-term financing solutions will be sought by Fairview in late 2024 or early 2025 before more permanent financing is sought in the next 3 years. Mr. Jandreau also stated that the project budget is expected to be approximately \$230 million, of which \$137 million will be funded through tax-exempt debt, \$71 million will be funded through temporary debt, and \$22 million will be funded through initial entrance fees. Construction is expected to begin in 2026 and full occupancy achieved by May 2032.

The floor was opened to questions and a brief discussion ensued regarding the debt service coverage ratio (DSCR).

Mr. Lisi requested a motion for approval of up to \$23 million for the Fairview Issue, Series 2024 (Resolution #2024-08). Mr. Elbaum moved for approval and Mr. Mattamana seconded the motion.

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

AYES

Michael Angelini
Steve L. Elbaum
Peter W. Lisi
Susan Martin
Alan Mattamana
Cesarina Thompson

NAYS

None

ABSTENTIONS

None

Goodwin University Issue, Series A (Amending Resolution #2024-09)

Mr. Morris reported that the authorizing resolution for the Goodwin University Issue, Series A bonds, which adopted at last month's meeting has an interest rate not to exceed 6.0%. Mr. Morris stated that the underwriter has recommended an amendment of the interest rate ceiling due to the BBB-credit rating of Goodwin University, the taxable portion of the transaction, and the current interest rate environment. Mr. Morris stated that Staff is recommending that the interest rate ceiling be amended from 6.0% to 6.5%.

Mr. Elbaum inquired about the expected rating for the bond transaction, which Mr. Morris reported was "BBB".

Mr. Lisi requested a motion to approve the amended and restated resolution for the Goodwin University Issue, Series A (Resolution #2024-09) that raises the interest rate ceiling from 6.0% to 6.5%. Mr. Mattamana 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 Steve L. Elbaum Peter W. Lisi Susan Martin Alan Mattamana Cesarina Thompson	None	None

Ms. Martin left the videoconference meeting at 2:44 p.m.

Westminster School Issue, Series M (Authorizing Resolution #2024-10)

Mr. Jandreau reported that Westminster School is seeking approval of up to \$20 million via a direct purchase with JP Morgan Chase. Mr. Jandreau reported that the use of proceeds will convert its currently outstanding Series L-3 bonds from a taxable to a tax-exempt basis at the option of the School as allowed in the forward purchase contract contained in the outstanding L-3 bonds. Mr. Jandreau stated that the Series L bonds when issued in their entirety in 2021, did not provide for any net present value savings at the time of the transaction as the School's intent with the Series L bonds was to restructure its debt profile to be more advantageous, eliminating its variable rate debt and interest rate swaps. Mr. Jandreau reported that no real material changes have occurred in the School's overall financing since 2021.

Mr. Lisi requested a motion for approval of up to \$20 million for the Westminster School Issue, Series M (Resolution #2024-10). Mr. Lisi moved for approval and Mr. Angelini seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini	None	None
Steve L. Elbaum		
Peter W. Lisi		
Alan Mattamana		
Cesarina Thompson		

APPOINTMENT OF BOARD MEMBER FOR THE CHEFA COMMUNITY DEVELOPMENT CORPORATION (AUTHORIZING RESOLUTION #2024-11)

Mr. Morris reported that all members of the CHEFA Board of Directors are members of the CHEFA Community Development Corporation (CHEFA CDC). Staff is therefore proposing adoption of the resolution to appoint Dr. Cesarina Thompson to the CHEFA CDC Board of Directors until the next annual meeting of CHEFA CDC or until her successor is appointed.

Mr. Morris clarified that the member designee will adopt the resolution at the CHEFA CDC Special Member Meeting and not the Annual Member Meeting specified in the resolution.

Mr. Lisi requested a motion for approval of the appointment of Dr. Cesarina Thompson as a member of the CHEFA Community Development Corporation Board of Directors (Authorizing Resolution #2024-11) with the modification presented. Mr. Lisi moved for approval and Mr. Mattamana seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Michael Angelini	None	None
Steve L. Elbaum		
Peter W. Lisi		
Alan Mattamana		
Cesarina Thompson		

OTHER BUSINESS

Mr. Lisi commented on the notice regarding the AI webinar presented by Ms. Weldon and encouraged the Board to attend.

ADJOURNMENT

There being no further business, Mr. Mattamana moved to adjourn the meeting 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>
Michael Angelini	None	None
Steve L. Elbaum		
Peter W. Lisi		
Alan Mattamana		
Cesarina Thompson		

The videoconference meeting adjourned at 2:52 p.m.

Respectfully submitted,

Jeanette W. Weldon
Executive Director