

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Minutes of Authority Board Meeting

November 13, 2024

The State of Connecticut Health and Educational Facilities Authority held a meeting via videoconference and in-person on Wednesday, November 13, 2024.

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 Chair
Lawrence Davis
Steve L. Elbaum
Kimberly Kennison (*Designee for Jeffrey Beckham, OPM Secretary*)¹
Susan Martin²
Sarah Sanders (*Designee for CT State Treasurer Erick Russell*)³
Cesarina Thompson⁴
Mark Varholak⁵

ABSENT: Alan Mattamana

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Charles Bodie, Managing Director of Finance and Operations
Dan Giungi, Sr. Government Relations and Communications Specialist
Rebecca Hrdlicka, Sr. Administrative Services Assistant
Robert Jandreau, Sr. Finance Associate
Krista Johnson, Sr. Credit and Compliance Specialist⁶
Dan Kurowski, Assistant Director
Andrew Kwashnak, Sr. Systems & Data Analyst⁷
Carlee Levin, Sr. Accountant II⁸
Michael F. Morris, Managing Director, Client Services
Marlene Pagan, Transaction and Compliance Specialist⁹
Julia Pollano, Operations Reporting Analyst¹⁰
Kara Stuart, Manager of Administrative Services

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

² Susan Martin participated in the meeting via conference telephone that permitted all parties to hear each other.

³ Sarah Sanders participated in the meeting via conference telephone that permitted all parties to hear each other.

⁴ Cesarina Thompson participated in the meeting via conference telephone that permitted all parties to hear each other.

⁵ Mark Varholak participated in the meeting via conference telephone that permitted all parties to hear each other.

⁶ Krista Johnson participated in the meeting via conference telephone that permitted all parties to hear each other.

⁷ Andrew Kwashnak participated in the meeting via conference telephone that permitted all parties to hear each other.

⁸ Carlee Levin participated in the meeting via conference telephone that permitted all parties to hear each other.

⁹ Marlene Pagan participated in the meeting via conference telephone that permitted all parties to hear each other.

¹⁰ Julia Pollano participated in the meeting via conference telephone that permitted all parties to hear each other.

of Connecticut Health and Educational Facilities Authority

INVITED GUESTS: Sarah Clark, Director of Education and Communications, Office of State Ethics¹¹
Peter Lewandowski, Executive Director, Office of State Ethics¹²
Liisa Livingston, CFO, Fairview¹³
Patricia Morse, CEO, Connecticut Baptist Homes¹⁴
Billy Nelson, CEO, Fairview¹⁵
Keith Robertson, Managing Director, Zeigler¹⁶

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the minutes of the October 16, 2024 meeting of the Board of Directors. Mr. Angelini moved to approve the minutes and Mr. Davis seconded the motion.

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

AYES

Michael Angelini
Lawrence Davis
Steve L. Elbaum
Kimberly Kennison
Peter W. Lisi
Susan Martin
Sarah Sanders
Cesarina Thompson

NAYS

None

ABSTENTIONS

Mark Varholak¹⁷

ETHICS TRAINING

Mr. Peter Lewandowski, Executive Director at the Office of State Ethics, and Ms. Sarah R. Clark, Director of Education and Communications at the Office of State Ethics, provided ethics training in accordance with the requirements of the Authority’s Ethics Statement and Policies. Ms. Clark encouraged Board members to contact the Office of State Ethics if they had any additional questions.

Mr. Lisi thanked Mr. Lewandowski and Ms. Clark for their time. Mr. Lewandowski and Ms. Clark left the hybrid meeting at 1:59 p.m.

¹¹ Sarah Clark participated in the meeting via conference telephone that permitted all parties to hear each other.
¹² Peter Lewandowski participated in the meeting via conference telephone that permitted all parties to hear each other.
¹³ Liisa Livingston participated in the meeting via conference telephone that permitted all parties to hear each other.
¹⁴ Patricia Morse participated in the meeting via conference telephone that permitted all parties to hear each other.
¹⁵ Billy Nelson participated in the meeting via conference telephone that permitted all parties to hear each other.
¹⁶ Keith Robertson participated in the meeting via conference telephone that permitted all parties to hear each other.
¹⁷ Mr. Varholak abstained from voting as he did not attend the Board of Directors meeting held on October 16, 2024.

EXECUTIVE DIRECTOR'S REPORT

Authority Updates

Ms. Weldon reported on the legislative advocacy efforts to protect tax-exempt bonding in response to the new presidential administration. Ms. Weldon reported that the Tax Cuts and Jobs Act will be sunset at the end of calendar year 2025 and legislation to extend the tax cuts may seek to limit the use of tax-exempt bonds as a way to pay for extension of the cuts. Ms. Weldon reported that the Authority will be participating in advocacy efforts through the respective trade associations starting early next year.

Ms. Weldon reported on the implicit bias education provided to Staff by a representative from Shipman & Goodwin, which will be conducted every 3 years. The Board will be provided this education next year.

Ms. Weldon reported on the event scheduled for November 14, 2024, at Quinnipiac University showcasing CHEFA financial products and services. Mr. Kurowski reported that the event capacity was filled quickly and that 90 people are expected to attend.

Mr. Lisi inquired about the audience for the event, and Mr. Kurowski reported that most of the audience will consist of newer organizations and non-clients.

Client Updates

Mr. Morris reported on the recent meeting at University of Hartford with its new President and Interim CFO. S&P recently revised its outlook on the University's bonds from Negative to Stable. Mr. Morris outlined the factors and evidence for the change in credit rating outlook.

Mr. Morris reported that there was a public hearing with the Office of Health Strategy (OHS) on Wednesday, November 6th concerning the proposed merger with Nuvance Health and Northwell Health. In addition, a meeting is scheduled with Staff and the CFO of Nuvance on Friday, November 15, 2024.

Mr. Morris reported on the 14th advance for LiveWell Alliance scheduled for December 5th, which brings the total of advancements to \$75.1 million out of the \$81.6 million authorized bond funds.

The floor was opened to questions and a discussion ensued.

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.

Financial Report

Mr. Bodie reported on the first quarter of FY 2025 ending on September 30, 2024. Mr. Bodie reported that the bond issues through the first quarter total \$715.8 million, which is higher than historical trends. Mr. Bodie reported that the year-to-date bonds outstanding total \$9 billion. Operating revenues total \$2.04 million through the first quarter, which leaves an excess of \$1.249 million after operating expenses. Mr. Bodie commented on the historical trends of the revenues and expenses and concluded that the current quarter revenues and expenses are expected.

Mr. Bodie reported on notable items on the balance sheet, which included an overview of the current and noncurrent assets, current and noncurrent liabilities, and items in the unrestricted reserve fund. Mr. Bodie outlined the Right of Use Asset and lease liability, then reported on the details of the operating revenues and expenses. Mr. Bodie noted that highlighted changes in the financial statements demonstrate strategy implementation.

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

FINAL STAFF MEMOS AND AUTHORIZING BOND RESOLUTIONS

Community Health Center Issue, Series A (Authorizing Resolution 2024-17)

Mr. Jandreau reported that Community Health Center (CHC) is seeking approval for up to \$25 million. Mr. Jandreau reported that the proposed transaction will be sold to Santander Bank as a direct purchase and that Santander has agreed to execute the due diligence and credit review.

Mr. Jandreau reported that the proceeds from the proposed issuance will be used to refinance taxable indebtedness used in the acquisition, construction, renovations, improvements and equipping of some of the facilities in which CHC operates. Mr. Jandreau then presented the parties of the obligated group, financing structure, security, and financial covenants of the proposed transaction as well as the organizational history and impact.

Mr. Lisi requested a motion for approval of up to \$25 million for the Community Health Center Issue, Series A (Resolution #2024-17). Mr. Angelini 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	None	None
Lawrence Davis		
Steve L. Elbaum		
Kimberly Kennison		
Peter W. Lisi		
Susan Martin		
Sarah Sanders		
Cesarina Thompson		
Mark Varholak		

Mr. Elbaum recused himself from discussion and vote regarding the Connecticut Baptist Homes Issue, Series 2024 A&B as his employer, Robinson+Cole, serves as bond counsel for the proposed transaction. Mr. Elbaum left the hybrid meeting at 2:27 p.m.

Connecticut Baptist Homes Issue, Series 2024 A&B (Amending Resolution 2024-18)

Mr. Morris reported that the Board had previously approved up to \$18 million for the Connecticut Baptist Homes Issue, Series 2024 at the September 2024 Board meeting as a limited public offering with Hamlin Capital Management as the purchaser. However, Mr. Morris stated that Connecticut Baptist Homes has elected to issue the Series 2024 bonds as a direct purchase with 233 Genesee Street Corporation, a subsidiary of M&T Bank.

Mr. Morris reported that proceeds from the Series 2024A issue will be used to refund the Institution’s 2013 bond issue and that the Series 2024B issue, for up to \$5.0 million issued as a draw-down structure, will be used to finance certain capital expenditures previously presented. Mr. Morris then outlined the securities, gross revenue pledge, debt service coverage ratio, and financing structure for the proposed transaction.

Mr. Morris introduced Ms. Patty Morse, CEO of Connecticut Baptist Homes, and Mr. Keith Robinson, Managing Director of Zeigler representing the underwriting firm for the proposed transaction.

Mr. Lisi requested a motion for approval of the revised bond financing structure for Connecticut Baptist Homes Issue, Series 2024 A&B (Resolution #2024-18). Mr. Davis 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>	<u>RECUSALS</u>
Michael Angelini	None	None	Steve Elbaum
Lawrence Davis			
Kimberly Kennison			
Peter W. Lisi			
Susan Martin			
Sarah Sanders			
Cesarina Thompson			
Mark Varholak			

Mr. Elbaum returned to the hybrid meeting at 2:30 p.m.

Fairview Bond Anticipation Notes Series 2024C (Authorizing Resolution #2024-19)

Mr. Jandreau introduced Ms. Liisa Livingston and Mr. Billy Nelson, CFO and President of Fairview, respectively.

Mr. Jandreau reported that Fairview is seeking approval for up to \$9 million for its limited public offering Series 2024C bond anticipation notes. Mr. Jandreau reported that proceeds will be used to fund the remaining seed money for the Phase III Project coinciding with the recently approved, issued, and closed Series 2024A and 2024B bonds. Mr. Jandreau stated that the Series 2024A and 2024B bonds were structured as direct placements with Chelsea Groton Bank and dedicated to refinancing the existing debt as well as providing the initial seed money needed for the Phase III Project.

Mr. Jandreau outlined the organizational demographics and operational changes supported by the proposed financing and are coupled with strategic plans for permanent financing. Mr. Jandreau then provided an overview of this permanent financing plan, which involves Fairview seeking a Series 2026 bond issuance through CHEFA.

Mr. Jandreau stated that the bond anticipation notes presented for approval by the Board allow the Institution to move towards this more permanent financing.

Mr. Lisi requested a motion for approval of up to \$9 million for the Fairview Bond Anticipation Notes Series 2024C (Resolution #2024-19). Mr. Elbaum moved for approval and Mr. Angelini seconded the motion.

The floor was opened to questions and a discussion ensued, which involved participation from Ms. Livingston, Mr. Nelson, and Mr. Robertson.

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
Lawrence Davis		
Steve L. Elbaum		
Kimberly Kennison		
Peter W. Lisi		
Susan Martin		
Sarah Sanders		
Cesarina Thompson		
Mark Varholak		

Ms. Martin and Mr. Varholak recused themselves from discussion and vote regarding grant applications as their employers, Middlesex Health and Quinnipiac University, respectively, submitted an application for review. Ms. Martin and Mr. Varholak left the hybrid meeting at 2:56 p.m.

COMMITTEE REPORTS

Grant Committee

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 2025 Client Grant Program. Mr. Davis reported that 24 out of the 46 Letter of Interest (LOI) submissions received were invited to submit a full application and totaled approximately \$1.5 million in requests.

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

Area Cooperative Educational Services (ACES)	\$75,000.00
Central Connecticut Coast YMCA	\$52,630.00 ¹⁸
Children's Learning Centers of Fairfield County Inc.	\$35,000.00
Church Home of Hartford, Inc.	\$16,977.00
Connecticut Children's Medical Center	\$62,388.00

¹⁸ This award is restricted to utilize the funds for the proposed security project at the New Haven facility. A full description on the use of funds will be captured and outlined in the Financial Assistance Agreement.

Easter Seal Rehabilitation Center of Greater Waterbury Inc.	\$73,928.00
Eastern Connecticut State University	\$75,000.00
Greater Waterbury YMCA	\$75,000.00
Hall Neighborhood House	\$55,000.00
Middlesex Hospital	\$61,200.00
New Opportunities, Inc.	\$75,000.00
Quinnipiac University	\$75,000.00
Saint Mary's Hospital Foundation, Inc.	\$27,287.37
Stamford Hospital	\$75,000.00
Thames Valley Council for Community Action, Inc.	\$75,000.00
The Family Center	\$37,997.00
Wesleyan University	\$75,000.00

Mr. Davis stated that the total recommended awarded amount for the FY 2025 Client Grant Program is \$1,022,407.37.

Mr. Kurowski then presented on the FY 2024 Enterprise Capital Grant Reporting for Freedom Reads and All Our Kin.

Mr. Lisi requested a motion to accept the Grant Committee's recommendation and award the 17 organizations as listed above. Ms. Kennison moved for approval and Mr. Davis 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>
Michael Angelini	None	None	Susan Martin
Lawrence Davis			Mark Varholak
Steve L. Elbaum			
Kimberly Kennison			
Peter W. Lisi			
Sarah Sanders			
Cesarina Thompson			

Ms. Martin and Mr. Varholak returned to the hybrid meeting at 3:02 p.m.

Audit-Finance Committee

Ms. Martin reported that the Audit-Finance Committee met earlier today to review the internal audit reports from BerryDunn regarding public bond offerings, as well as to review the various Information Technology updates from Mr. Blake.

Ms. Martin commented that the Request for Proposal (RFP) to engage an independent auditing firm will be posted on December 1, 2024.

OVERVIEW OF PROPOSED LEGISLATIVE AGENDA

Mr. Giungi presented the proposed legislative agenda, which included proposals for both CHEFA and CHESLA. For CHEFA, Mr. Giungi stated that the proposal will enhance CHEFA’s capacity to provide financial assistance for a more diversified range of childcare-related projects and providers by amending CHEFA’s enabling statutes to include for-profit, home-based childcare providers.

For CHESLA, Mr. Giungi presented two proposals. Mr. Giungi reported that the first proposal will enhance CHESLA’s capacity to assist the State in its recruitment and retention efforts for occupations that are in high demand in Alliance Districts by expanding the Alliance District Teacher Loan Subsidy Program (PA 21-62) to high priority occupations in Alliance Districts, as identified by the State Department of Education (SDE) in consultation with CHESLA; as well as collaborating with the Office of Workforce Strategy (OWS) to identify new target workforce populations for the High Priority Occupation Loan Subsidy Program (PA 25-52). Mr. Giungi reported that another proposal will help CHESLA support the State in its workforce development efforts by re-purposing a portion of the bond funds initially authorized for the ADTLS Program implementation and utilizing the funds for the implementation of the High Priority Occupation Loan Subsidy Program identified with OWS.

The floor was opened to questions and a discussion ensued.

Mr. Lisi requested a motion to accept 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:

AYES

Michael Angelini
Lawrence Davis
Steve L. Elbaum
Kimberly Kennison
Peter W. Lisi
Susan Martin
Sarah Sanders
Cesarina Thompson
Mark Varholak

NAYS

None

ABSTENTIONS

None

PROPOSED CY 2025 MEETING SCHEDULE

Mr. Lisi reported that the proposed CY 2025 meeting schedule poses several conflicts for himself and will be presented at the January Board meeting for full approval. Mr. Lisi and Ms. Aguilera reported that the next Board meeting will be a special meeting held on January 15, 2025.

ADJOURNMENT

There being no further business, Mr. Davis moved to adjourn the meeting 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
Lawrence Davis		
Steve L. Elbaum		
Kimberly Kennison		
Peter W. Lisi		
Susan Martin		
Sarah Sanders		
Cesarina Thompson		
Mark Varholak		

The hybrid meeting adjourned at 3:18 p.m.

Respectfully submitted,

Jeanette W. Weldon
Executive Director