

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Minutes of Authority Annual Board Meeting
September 16, 2020

The State of Connecticut Health and Educational Facilities Authority held the Annual Meeting of the Board of Directors via teleconference at 1:30 p.m. on Wednesday, September 16, 2020.¹

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, Chairman
Michael Angelini, Vice Chair
Lawrence Davis
Anne Foley (*Designee for Melissa McCaw, OPM Secretary*)
Darrell V. Hill (*Designee for CT State Treasurer Shawn T. Wooden*)
Barbara B. Lindsay, Esq.
Dr. Estela R. Lopez
Susan Martin
Mark Varholak

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Debrah Galli, Manager, Administrative Services
Daniel Giungi, Communications and Government Affairs Specialist
Robert Jandreau, Sr. Finance Associate
Krista Johnson, Compliance Specialist
Daniel Kurowski, CHEFA CDC Program Manager
Carlee Levin, Senior Accountant
Eileen MacDonald, Sr. Transaction Specialist
JoAnne N. Mackewicz, Controller
Michael F. Morris, Managing Director
David Pantaleo, Sr. Systems and Data Analyst
Cynthia D. Peoples-H., Managing Director, Operations & Finance
Kara Stuart, Administrative Services Assistant
Betty Sugarman Weintraub, Grant Program Manager
of the Connecticut Health and Educational Facilities Authority

GUESTS: Bruce Chudwick, Esq., Shipman & Goodwin LLP
Fatuma Kelleh, Associate, Hardwick Law Firm, LLC
Thomas Marrion, Esq., 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
Namita Shah, Esq., Day Pitney LLP
Trina Smith, Sr. Managing Consultant, Public Financial Management, Inc.
Jane Warren, Esq., McCarter & English, LLP
Ann Zucker, Partner, Carmody Torrance Sandak & Hennessey LLP

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

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the minutes of the August 19, 2020 special meeting of the Board of Directors. Mr. Angelini moved to approve the minutes and Ms. Foley 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	Mark Varholak ²
Lawrence Davis		
Anne Foley		
Darrell V. Hill		
Barbara Lindsay		
Peter Lisi		
Dr. Estela Lopez		
Susan Martin		

ELECTION OF VICE CHAIR

Mr. Lisi stated that Michael Angelini has agreed to continue to serve as Vice Chairperson.

Mr. Lisi requested a motion to approve the election of Michael Angelini as Vice Chair. Dr. Lopez moved for approval and Mr. Varholak 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	Michael Angelini ³
Anne Foley		
Darrell V. Hill		
Barbara Lindsay		
Peter Lisi		
Dr. Estela Lopez		
Susan Martin		
Mark Varholak		

EXECUTIVE DIRECTOR’S REPORT

Authority Updates

Ms. Weldon reported that the Authority has started working on the legislative agenda to bring to the Board in November. Ms. Weldon said that given the current moment in time, and the mission of CHEFA and its subsidiaries, the Authority seeks to address racial inequities through its programs and legislative initiatives. The Authority is planning to pursue two programs that are directly relevant.

Ms. Weldon reported that the first initiative is a minority teacher recruitment program for CHESLA, which would be proposed as a loan rate subsidy program. Minority teacher recruitment is consistent with the state Department of Education’s priorities. Ms. Weldon stated there would be a proposed rate subsidy where minority teacher recruits will be offered a reduced interest rate for a commitment to work in Connecticut public schools.

² Mr. Varholak abstained from voting as he did not attend the August 19, 2020 special meeting.

³ Mr. Angelini abstained from voting as he was the nominee for Vice Chairperson.

Ms. Weldon said the positive impact of minority teachers on students in schools with significant minority populations is well documented, so this program could have important impact.

Ms. Weldon reported that the next proposed initiative is through CHEFA Community Development Corporation ("CHEFA CDC"), which is already in sync with addressing racial inequities as it focuses on nonprofits in low income communities and the creation of quality jobs. Ms. Weldon said that in order to have a better opportunity to use this financing tool, a state level New Markets Tax Credit program will be proposed. This idea was put forth to management by Dan Kurowski, CHEFA CDC Program Manager.

Ms. Weldon reported that the groundwork has started for these initiatives, including a preliminary meeting with Representative Jason Rojas, House Chair of the Finance, Revenue and Bonding Committee on Monday, September 21, 2020, as well as meetings with representatives from the Department of Economic Community Development (DECD) at the end of the month. Ms. Weldon is also hopeful that underwriters will be interested in supporting these initiatives through investments and philanthropy. The full legislative agenda, including these proposals, will be presented to the board in November.

Dr. Lopez applauded the two initiatives and a brief discussion ensued.

Ms. Weldon reported that CHEFA and its subsidiaries are new members of MetroHartford Alliance, giving the Authority access to numerous other members, who are area businesses. This could be particularly useful for the marketing of CHESLA initiatives as well as generally building awareness of the organization.

Client Updates

Mr. Morris provided the following updates:

- Connecticut College has refunded their Series H & I bonds last month with a taxable loan from Boston Private Bank of approximately \$22 million. Both issues are gone from CHEFA's portfolio.
- Pierce Memorial is merging with Connecticut Baptist Homes, in which Connecticut Baptist Homes will be the surviving entity and will assume Pierce's CHEFA debt of approximately \$9 million.
- Two new issues include Salisbury School with the refunding of approximately \$44 million of their existing debt and Duncaster, a CCRC in Bloomfield with \$13 million of new money, which will be issued as a private placement.
- Jerome Home was approved in March and was delayed due to finalizing on the construction contract as well as COVID related issues, and will be seeking reauthorization next month.
- Fairfield University closed on September 10, 2020, and Sacred Heart University was priced and will close during the week of September 21st Both sales reports will be presented today by Acacia.

Mr. Morris turned the floor over to Mr. Kurowski for a Revolving Loan Fund Update.

Mr. Kurowski said that since the last board meeting in August, staff has closed three revolving loans for a total amount of \$150,000. The following clients applied for and received a loan:

- Canterbury School of New Milford CT
- Good Child Development Center of Milford CT
- New Opportunities Inc. of Waterbury CT

Mr. Kurowski reported there are currently no pending applications, but staff is planning additional outreach to identify potential applicants for this program.

Interest Rate and Market Updates

Ms. Peoples noted the included article in the Board Meeting handouts, “Five things to watch at the Federal Reserve meeting.”

Mr. Jandreau reported that the municipal market continues to exhibit strong levels of resilience post the COVID-19 impact. Investor demand continues to be very strong for both tax exempt and taxable issuance. Mr. Jandreau stated that year-to-date, new money issuance has accounted for approximately 43% of total supply compared to 50% in 2019, and refundings have accounted for approximately 36% compared to 28% in 2019.

Mr. Jandreau gave a transaction report stating that Yale New Haven Health sold \$350 million in non-CHEFA issued taxable debt while McLean priced and closed a \$50.8 million transaction that had oversubscription levels of 7 to 13 times.

Mr. Jandreau said that with interest rates and credit spreads near historical lows and as long as supply does not overwhelm investors, staff believes market conditions will continue to be favorable for issuers in the coming months.

FINANCING SALES REPORT

Fairfield University Issue, Series T (Acacia Financial)

Mr. Josh Nyikita of Acacia Financial Group, Inc. gave a transaction overview including the following information:

- On August 27th, the Authority sold \$25,000,000 in tax-exempt Revenue Bonds on behalf of Fairfield University.
- The transaction included both a new money and refunding component.
- The proceeds from the new money portion of the bond issue (\$18,985,000 in par) were used to finance the construction of a 75-bed residence hall for upper classman and the renovation of various other buildings on campus.
 - This component was structured as a term bond maturing in 2055 and it was designed to wrap around the existing debt service of the University and take advantage of historically low long-term rates.
- The refunding portion was used for refunding all of the Series P outstanding bonds (\$6,865,000) which were issued in 2010.
 - These bonds amortized as small serial maturities in 2021 through 2028 and were structured to produce level annual savings over this period.
- The security structure includes a basic unsecured general obligation pledge of the University.
- The transaction was rated A3 (positive) by Moody’s and A- (stable) by Standard & Poor’s.
- The bonds closed on September 10th.

Mr. Nyikita then reported on the market conditions and pricing of the Fairfield University transaction.

Sacred Heart University Issue, Series K (Acacia Financial)

Mr. Josh Nyikita of Acacia Financial Group, Inc. gave a transaction overview including the following information:

- On September 3rd, the Authority sold \$125,000,000 in tax-exempt Revenue Bonds on behalf of Sacred Heart University.
- The purpose of the issue was to finance the construction of twin dorm residence halls, three additional residence halls, a parking garage, a building lobby, and miscellaneous capital projects.
- The general goals of the transaction as set by the University were to generate around \$145 to \$150 million in project fund proceeds (using 125 in par + premium) and to have a TIC under 3%.
- The bonds were structured with level annual debt service through 2045.
- The security structure includes a basic general obligation pledge of the University.
- The bonds are rated A3 by Moody's and A by Standard & Poor's; both with stable outlooks.
- The transaction is scheduled to closing on September 22nd.

Mr. Nyikita then reported on the market conditions and pricing of the Sacred Heart University transaction.

Mr. Nyikita opened the floor up for questions and a discussion ensued.

After discussing over-subscription pricing, Mr. Hill inquired if Mr. Nyikita had the subscription levels after re-pricing. Mr. Nyikita stated that he did not currently have that information on hand, but he could provide it to the Board after the meeting.

AMENDMENTS TO BY-LAWS

Ms. Aguilera reviewed the proposed amendments to the current CHEFA By-Laws.

Mr. Lisi requested a motion to approve Resolution #2020-17, Amendment to the Authority By-Laws. Ms. Foley 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>
Michael Angelini	None	None
Lawrence Davis		
Anne Foley		
Darrell V. Hill		
Barbara Lindsay		
Peter Lisi		
Dr. Estela Lopez		
Susan Martin		
Mark Varholak		

APPOINTMENT OF CHEFA COMMUNITY DEVELOPMENT CORPORATION BOARD OF DIRECTORS

Mr. Kurowski stated that staff is seeking the board's approval of Resolution #2020-16 Appointment of CHEFA Community Development Corporation Board of Directors. This resolution appoints 8 individuals to serve on the CDC Board as directors for a term of one year. Mr. Kurowski said the CHEFA CDC board will continue to have 10 directors, and 2 director positions will remain vacant until filled by the Authority. In addition, the resolution instructs the Member Designee to attend the Annual Member Meeting and vote to approve the appointment of the Directors.

Mr. Lisi requested a motion to approve Resolution #2020-16 Appointment of CHEFA Community Development Corporation Board of Directors. Mr. Varholak moved for approval and Dr. Lopez 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		
Anne Foley		
Darrell V. Hill		
Barbara Lindsay		
Peter Lisi		
Dr. Estela Lopez		
Susan Martin		
Mark Varholak		

COMMITTEE REPORTS

Grant Committee

Dr. Lopez reported that the Grant Committee met on Friday September 11, 2020. Keynote speaker Maggie Gunther Osborn of United Philanthropy Forum gave a presentation on “Moving Towards 21st Century Philanthropy” and the presentation invoked a robust discussion. Dr. Lopez stated that after the presentation, the Grant Committee discussed the following topics:

- CHEFA’s philanthropic role in the community and Ms. Sugerman Weintraub’s community involvement
- The Grant Committee Review Process
- Future Grant Committee meetings in FY 2021- due to the recent FY 2021 COVID-19 Grants, and the suspension of the three grant cycles for this year, Grant Committee meetings could feature speakers from different sectors as well as a “show and tell” in which CHEFA grant fund recipients could be invited to share how they have utilized their funds.
- A Nonprofit Video-Conference Forum inviting speaker Orlando Rodriguez of the Connecticut Education Association, to provide a presentation on “Connecticut’s Changing Demographics and What it Means for our State.”

Both Dr. Lopez and Mr. Lisi thanked Ms. Sugerman Weintraub and Ms. Weldon for the work they put into the Grant Committee meeting.

Audit Finance Committee

Mr. Varholak reported that the Audit Finance Committee met earlier today with both CHEFA staff and the auditors of CohnReznick to review the financial performance and the results of the audited financial statements. Mr. Varholak stated overall it was a productive meeting and the report was very complimentary of the staff and their processes. Mr. Varholak noted that due to COVID-19 the audit was done completely remotely. Mr. Varholak also noted that during the executive session there was a discussion about cyber risk and internal control testing.

Mr. Varholak thanked Ms. Peoples, Ms. Mackewicz and everybody else who was involved in the audit process for their hard work.

Mr. Varholak requested a motion for the Board to accept the FY 2020 Audited Financial Statements as put forward by CohnReznick and approved by the Audit-Finance Committee. Mr. Lisi moved for approval and Dr. Lopez 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		
Anne Foley		
Darrell V. Hill		
Barbara Lindsay		
Peter Lisi		
Dr. Estela Lopez		
Susan Martin		
Mark Varholak		

Ms. Peoples thanked the auditors of CohnReznick, Ms. Mackewicz, Ms. Levin, and Mr. Barry for helping to deliver a clean audit again this year.

OTHER BUSINESS

Mr. Lisi spoke about Ms. Anne Foley, who would be retiring from her position at the end of this month. Mr. Lisi stated that her due-diligence and integrity will be missed tremendously. Ms. Weldon provided additional comments and congratulations to Ms. Foley.

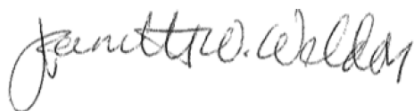
ADJOURNMENT

There being no further business, at 2:23 p.m., Mr. Lisi requested a motion to adjourn the meeting. Dr. Lopez moved to adjourn the meeting and Ms. Foley 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		
Anne Foley		
Darrell V. Hill		
Barbara Lindsay		
Peter Lisi		
Dr. Estela Lopez		
Susan Martin		
Mark Varholak		

Respectfully submitted,



Jeanette W. Weldon
Executive Director