

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Minutes of Authority Board Meeting
October 21, 2020

The State of Connecticut Health and Educational Facilities Authority held a meeting via teleconference at 1:30 p.m. on Wednesday, October 21, 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
Darrell V. Hill (*Designee for CT State Treasurer Shawn T. Wooden*)
Kimberly Kennison (*Designee for Melissa McCaw, OPM Secretary*)
Barbara B. Lindsay, Esq.
Dr. Estela R. Lopez
Susan Martin
Alan Mattamana
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
Eileen MacDonald, Sr. Transaction Specialist
JoAnne N. Mackewicz, Controller
Michael F. Morris, Managing Director, Client Services
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
Marry Jo Kelly, Principal, Hardwick Law Firm, LLC
Thomas Marrion, Esq., Partner, Hinckley Allen
Erick Russell, Esq., Pullman & Comley LLC
Edward Samorajczyk, Jr., Esq., Partner, Robinson + Cole LLP
Phoebe Selden, Senior Vice President, Acacia Financial Group, Inc.
Namita Shah, Esq., Day Pitney LLP
Trina Smith, Sr. Managing Consultant, Public Financial Management, Inc.
Tiffany Stevens, Esq., McCarter & English, LLP
Noreen White, Co-President, Acacia Financial Group, Inc.
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

Mr. Lisi welcomed new Board members Ms. Kimberly Kennison and Mr. Alan Mattamana.

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the minutes of the September 16, 2020 meeting of the Board of Directors. Dr. Lopez 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
Lawrence Davis
Darrell V. Hill
Barbara Lindsay
Peter Lisi
Dr. Estela Lopez
Susan Martin
Mark Varholak

NAYS

None

ABSTENTIONS

Kimberly Kennison²
Alan Mattamana³

PRESENTATION - OVERVIEW OF KEY TRENDS IN THE MUNICIPAL MARKET (NOREEN P. WHITE, CO-PRESIDENT, ACACIA FINANCIAL GROUP)

Mr. Lisi introduced Ms. Noreen P. White, Co-President of Acacia Financial Group.

Ms. White gave an overview of key trends in the municipal market. The presentation included information on the following topics:

- Municipal Market Climate
- Historical MMD: Tax-Exempt Benchmark Yields
 - 10-Year Historic MMD Benchmark Yields
 - Year-to-Date MMD Benchmark Yields
- Sector Outlooks
 - Healthcare Sector
 - Higher Education & Non-Profit Institutions Sector

Ms. White opened the floor to questions and a discussion ensued.

Mr. Davis inquired about the long-term impact in the higher education sector. A discussion ensued.

With the presentation primarily covering the impact COVID-19 has on the municipal market, Mr. Lisi inquired as to whether the upcoming presidential election would have an impact on the municipal market. A discussion ensued. Ms. White said she would send an article on post-election volatility to the Board members after the meeting.

Given the current situation, Mr. Angelini inquired if there is something the Board should pay more attention to when reviewing new credits coming to market. Ms. White stated the Board should continue to look at basic metrics and get feedback from investors. A brief discussion ensued.

² Ms. Kennison abstained from voting as she did not attend the September 16, 2020 Meeting.

³ Mr. Mattamana abstained from voting as he did not attend the September 16, 2020 Meeting.

Dr. Lopez left the teleconference meeting at 2:02 p.m.

EXECUTIVE DIRECTOR'S REPORT

Authority Updates

Ms. Weldon reported that she has had meetings with various agencies and individuals to get feedback on the two proposals for this session's legislative agenda:

1. CHEFA Community Development Corporation ("CHEFA CDC") state level new market tax credit program
2. CHESLA minority teacher recruitment program

Ms. Weldon said that she has received feedback from representatives of the Department of Economic Community Development (DECD) and the State Department of Education. A complete overview of the CHEFA and CHESLA legislative agendas will be provided to the Board at the November 18th Board meeting. Ms. Weldon stated that on November 20th she has a meeting scheduled with representatives from the governor's office and the Office of Policy and Management (OPM) where the CHEFA and CHESLA legislative agendas will be reviewed.

Ms. Weldon reported on the following upcoming events to be hosted by the Authority and Board members are invited to attend:

- CHEFA Client Webinar on November 17th at 1:00 p.m.
 - Washington D.C. Outlook and the Impact on Connecticut: A post-election discussion with Dan DeSimone, Director, Washington, D.C. Office of Governor Ned Lamont
- CHEFA Nonprofit Forum Webinar on December 9th at 9:30 a.m.
 - A "So What" View of Connecticut's Changing Demographics: A discussion with Orlando Rodriguez, Research and Policy Development Specialist at the Connecticut Education Association
- CHEFA Board Orientation for the two new Board members held via teleconference on November 4th at 10 a.m.

Ms. Weldon stated that the Authority is beginning work on the next strategic planning cycle. The current three-year strategic plan ends on June 30, 2021. The Authority is expecting to have a special Board retreat session in February involving a joint meeting of both the CHEFA and the CHESLA Board.

Client Updates

Mr. Morris provided the following updates:

- Salisbury School – the refunding of its 2015 issue will be presented today for approval.
- Westminster School – the original report had a refunding of one series of bonds, the school is now seeking to refund four series of bonds totaling \$40 million. This will be a bank direct purchase with First Republic Bank.
- Duncaster – \$13 million, going to refund a 2010 CDA issue and issue \$3 million of new money. This will be a bank direct purchase with People's Bank.
- Jerome Home – will be delayed until the first quarter of 2021.

Mr. Lisi inquired as to what the cause of the delay was for Jerome Home. Mr. Morris stated that COVID has slowed the transaction, the finalization of the construction contract took longer than expected, and it was going to be a public offering but they are contemplating switching to a bank direct purchase.

Financial Report – July 31, 2020 and August 31, 2020

Ms. Mackewicz reported on the August 2020 financials. The change in net position was \$752,000. On the balance sheet, the focused reserve has been updated to reflect the \$1 million dollars for the first installment of the COVID-19 Grants. Funds went out in September. The Revolving Loan Fund is also on the balance sheet for \$1 million. Some of those funds went out in September and \$25,000 went out in August. The CHEFA fees are \$3 million compared to \$1.3 million year over year, and that reflects the delay in the billing due to the Authority's COVID-19 initiatives. Those fees were billed in September and about half of them have been received. Ms. Mackewicz said calls have recently been made to some of the larger institutions and the delayed fees are currently being collected.

FINAL STAFF MEMO AND AUTHORIZING BOND RESOLUTION (#2020-18)**Salisbury School Issue, Series E**

Mr. Jandreau reported that Salisbury School is looking to refund its outstanding 2015 Series D Bonds totaling approximately \$43.6 million. The outstanding Series D Bonds are structured as a bank direct placement with TD Bank, and when these bonds were initially issued, they carried a 3.05% fixed-rate with a 30-year amortization and a 15-year mandatory put. The series D Bonds achieved approximately \$3.1 million, or roughly 6.5%, in net present value savings. Mr. Jandreau said that the proposed Series E bonds for approval today are expected to be issued as fixed-rate bonds, carrying a fixed rate of 1.57%, a 25-year amortization and a 10-year maturity. The anticipated net present value savings resulting from the financing is \$4.82 million or 11.14%.

Mr. Jandreau reported that Salisbury School students returned to campus this Fall and have the option to attend class in person or live via Zoom. Boarding students choosing to view the Zoom broadcast may do so from their dorm room, the library, or whatever space they prefer. Mr. Jandreau said that classes are also being recorded for students who are distant learning. Currently, there are 40 international students distant learning, and they have been provided a tuition discount. The tuition discount totals approximately \$300,000, or \$7,500 per student, and has been accounted for in the 2020-2021 budget. An additional \$315,000 in COVID related expenses has also been built into the budget and Salisbury School reports that they are managing it very well. As part of its strategic plan, Salisbury School is aiming to reduce risk associated with declining demand trends in the international market by adjusting its focus more domestically than internationally. The School recently enrolled four mid-year boarding students as a result of prioritizing domestic students in their travel and marketing strategies.

Mr. Jandreau reported that Salisbury School has been COVID free and tests approximately 20% of its students, staff and faculty on a weekly basis. Student travel off campus is currently prohibited and visitors are not allowed in the resident halls. Mr. Jandreau said that in the previous fiscal year, Salisbury School reimbursed approximately \$548,000 of fees to students as a result of the shortened school year due to COVID-19.

Mr. Jandreau stated that staff would like to request the Board's approval of up to \$45 million for the Salisbury School Series E Bonds given the attractive net present value savings the financing is expected to generate, recent operating results, and the School's 119 years of history.

Mr. Lisi requested a motion for approval up to \$45 million for the Salisbury School Issue, Series E (Authorizing Resolution #2020-18). Mr. Angelini moved for approval and Ms. Kennison seconded the motion.

Mr. Lisi opened the floor up to questions and a discussion ensued.

Mr. Davis inquired about Salisbury School’s focus to increase domestic students over international students. Mr. Jandreau stated that the School was already seeing a decline in international students prior to COVID-19, partially due to the current federal administration’s foreign policy, but that the School is also aiming to reduce the amount of risk associated with the international student population. A brief discussion ensued.

Mr. Davis inquired about the item on the balance sheet labeled ‘assets held in charitable trusts’ and a brief discussion ensued.

Ms. Kennison inquired about the number of international students making up the student population. Mr. Jandreau reported that for the fiscal year 2019-2020, 80 of the 304 students were international. Mr. Jandreau said that he did not have the current fiscal year numbers but could provide them to the Board.

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		
Darrell V. Hill		
Kimberly Kennison		
Barbara Lindsay		
Peter Lisi		
Susan Martin		
Alan Mattamana		
Mark Varholak		

CHEFA COMMUNITY DEVELOPMENT CORPORATION BY-LAWS (AUTHORIZING RESOLUTION #2020-19)

Ms. Aguilera reviewed the CHEFA Community Development Corporation By-Laws in the Board package.

Mr. Lisi moved for approval of the CHEFA Community Development Corporation By-Laws (Authorizing Resolution #2020-19) 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		
Darrell V. Hill		
Kimberly Kennison		
Barbara Lindsay		
Peter Lisi		
Susan Martin		
Alan Mattamana		
Mark Varholak		

ADJOURNMENT

There being no further business, at 2:28 p.m., Mr. Lisi requested a motion to adjourn the meeting. Mr. Hill moved to adjourn the meeting and Mr. Angelini seconded the motion.

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

AYES

Michael Angelini
Lawrence Davis
Darrell V. Hill
Kimberly Kennison
Barbara Lindsay
Peter Lisi
Susan Martin
Alan Mattamana
Mark Varholak

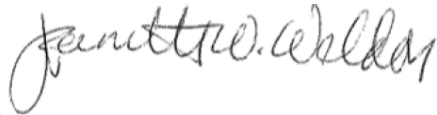
NAYS

None

ABSTENTIONS

None

Respectfully submitted,



Jeanette W. Weldon
Executive Director