

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Minutes of Authority Board Meeting
February 15, 2023

The State of Connecticut Health and Educational Facilities Authority held a meeting via videoconference and in-person on Wednesday, February 15, 2023.

The hybrid 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
Lawrence Davis
Steven L. Elbaum
Kimberly Kennison (*Designee for Jeffrey Beckham, OPM Secretary*)¹
Susan Martin
Alan Mattamana²
Sarah Sanders (*Designee for CT State Treasurer Erick Russell*)³
Mark Varholak

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Rob Blake, Manager of Information Technologies & Cybersecurity
Dan Giungi, Government Relations & Communications Specialist
Rebecca Hrdlicka, Administrative Services Assistant
Robert Jandreau, Sr. Finance Associate
Krista Johnson, Compliance Specialist⁴
Dan Kurowski, Manager, Program Development & CHEFA CDC
Andrew Kwashnak, Senior System & Data Analyst⁵
Carlee Levin, Senior Accountant
JoAnne N. Mackewicz, Controller
Michael F. Morris, Managing Director, Client Services
Julia Pollano, Operations Reporting Analyst⁶
Kara Stuart, Manager, Administrative Services
Betty Sugerman Weintraub, Manager of Grant Programs and Philanthropic Outreach of Connecticut Health and Educational Facilities Authority

INVITED GUESTS: Trina Smith, Senior Managing Consultant, PFM Financial Advisors LLC

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

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

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

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

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

⁶ Julia Pollano 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 January 18, 2023 meeting of the Board of Directors. Mr. Angelini moved to approve the minutes and Ms. Martin seconded the motion.

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

AYES

Michael Angelini
Lawrence Davis
Steven L. Elbaum
Peter Lisi
Susan Martin
Sarah Sanders
Mark Varholak

NAYS

None

ABSTENTIONS

Kimberly Kennison⁷
Alan Mattamana⁸

BOARD PRESENTATION: BOND FINANCING REFRESHER COURSE

Mr. Morris introduced Ms. Trina Smith, Senior Managing Consultant from PFM Financial Advisors. Ms. Smith gave a presentation on Bond Financing, which included an overview on the following topics:

- Working Group Members
- Bond Sale Methods
- Bond Financing Process
- Rating Agency Scale and Considerations
- Continuing Disclosure
- Arbitrage and Rebate

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

Mr. Lisi thanked Mr. Morris and Ms. Weldon for coordinating this informative presentation.

EXECUTIVE DIRECTOR’S REPORT**Authority Updates**

Ms. Weldon reported on the meetings and outreach with legislators since the start of the legislative session. Ms. Weldon stated that Mr. Daniel Giungi, Government Relations and Communications Specialist, has been identifying key representatives to meet with and has formed an internal working group consisting of himself, Ms. Weldon, Mr. Morris, and Mr. Kurowski to push legislative initiatives forward.

Ms. Weldon outlined the key legislative initiatives, including the Low-Income Community Tax Credit Program proposal and the expansion of the definition of project and other cleanup language. Ms. Weldon reported that meetings have also been organized with CHESLA and legislators regarding student loan forgiveness and student debt.

Ms. Weldon reported that the state auditor is continuing to audit FY 2020 and FY 2021 virtually, which will hopefully be completed in the next month.

⁷ Ms. Kennison abstained from voting as she did not attend the January 18, 2023 Board of Directors Meeting.

⁸ Mr. Mattamana abstained from voting as he did not attend the January 18, 2023 Board of Directors Meeting.

Ms. Weldon stated that the next Nonprofit Forum will be held on April 26th at the Hartford Foundation Conference Center. The discussion will focus on child and adolescent mental health, and panelists are still to be determined.

Client Updates

Mr. Morris reported on a new financing that was not on the Financing Forecast for a refunding for the King School Series 2013 issue that will be a private placement with TD Bank.

Mr. Morris reported on the closing of two remarketings, totaling approximately \$500 million, for Yale University. Mr. Morris also reported on the upcoming closing for the fifth advancement for LiveWell Alliance totaling \$5 million. Mr. Morris stated that the advances to date total over \$31 million of the \$81.6 million authorized.

Mr. Morris stated that Staff is continuing to work with a number of institutions to transition from LIBOR to SOFR in the documents.

Mr. Kurowski reported on the Revolving Loan Fund, where the Board of Directors had approved \$375,000 available for new loans. Mr. Kurowski stated that clients and non-clients are eligible for up to \$50,000 to finance capital projects with 3.75% interest for up to 60 months. Mr. Kurowski reported that the internal review committee met for the first time to review an application for Silvermine Guild Artists of New Canaan, Connecticut. Mr. Kurowski stated that Silvermine is requesting \$50,000 to fund new tools, equipment, and telephone systems for various art studios, and this application was approved today. Mr. Kurowski reported that Staff is working with two other organizations (i.e. a childcare organization and a healthcare organization) on loan applications seeking \$50,000 for facility improvements.

Mr. Lisi inquired about the internal review committee, which Mr. Kurowski stated that the internal review committee comprises of himself, Ms. Krista Johnson, and Mr. Bob Jandreau. Mr. Kurowski stated that the internal review committee will review applications and make a recommendation to a CHEFA Officer, who will then approve the application. Mr. Kurowski reported that various outlets have been used for marketing this program, including social media, philanthropic outreach, and email marketing.

Financial Report

Ms. Mackewicz reported on the six months ending on December 31, 2022. Ms. Mackewicz reported that the operating revenues exceeded operating expenses by \$2 million, and these revenues exceeded expenses by \$1.2 million after non-operating expenses. Revenues remain under budget by \$25,000 and expenses were under budget by \$136,000. Ms. Mackewicz stated that investment income was over budget by \$104,000. Ms. Mackewicz reported that year-over-year is trending slightly above last year by \$303,000. Ms. Mackewicz stated that there were no notable events in December.

Market Updates

Mr. Jandreau reported on the headlines relating to the Federal Reserve, the latest movements in the federal funds rate and the yield curve.

Mr. Jandreau reported on the transaction report and provided details regarding the recent remarketing for Yale University. Mr. Jandreau stated that the transactions were met with great enthusiasm by the market due to the University's well-established reputation and high credit quality. Mr. Jandreau reported that, despite offering a total of \$510.11 million in bonds, the University received more than \$2.1 billion in orders. The 2014A Series was oversubscribed by a factor of 3.57,

while the 2017-C2 Series was oversubscribed by a factor of 4.49. Mr. Jandreau stated that approximately twenty-three institutional investors participated with Vanguard, Lord Abbett, Citi, and Nuveen, to place orders for more than \$200 million each. Mr. Jandreau stated that retail investors also participated in the offering, with the 2014A's garnering \$2 million in orders and the 2017C2's attracting \$4.65 million in retail orders.

Mr. Jandreau reported that JP Morgan initially communicated with investors about the 2.875% interest rate, but due to the high demand of the bonds the yield was readjusted to 2.80%. Mr. Jandreau reported that 30-supply was initially up to \$5 billion but has increased to up to \$8 million, which may result in a fairly active new issue market over the next several weeks.

The floor was opened to questions and a brief discussion ensued regarding other potentially oversubscribed institutions and investment conditions.

STRATEGIC PLAN STATUS REPORT

Ms. Weldon acknowledged the hard work of all Staff for moving the strategic initiatives forward.

Ms. Weldon presented a status report pertaining to the 3-year CHEFA strategic plan. Ms. Weldon highlighted several notable achievements pertaining to collaboration; the broadening, assessment, and communication of impact; technology; and organizational identity, culture, and sustainability.

Mr. Lisi commented on the media coverage to capture the impact of the CHEFA grant programs, and Mr. Lisi thanked both Mr. Giungi and Ms. Sugerman Weintraub for their efforts.

Ms. Sanders inquired about incorporating diversity in underwriting firm relationships. Ms. Weldon also stated that, included in the most recent request for qualifications (RFQ) process, underwriter firms are required to meet with Authority Staff prior to starting a bond transaction to discuss the importance of diversity and inclusivity. Ms. Weldon reported that Staff has also provided suggestions to borrowing institutions regarding underwriting firms to establish relationships and heighten awareness for diverse firms. Ms. Weldon reported that borrowers ultimately choose which firms to work with.

COMMITTEE REPORT

Audit-Finance Committee

Ms. Martin reported that the Audit-Finance Committee met earlier today to review several agenda items. The first item of business involved a presentation from representatives of BerryDunn, which the Board had approved to engage in an internal audit. Ms. Martin reported that the presentation included a review of a risk assessment approach, policies and procedures of CHEFA, Staff and selected Board members interviews, audit report, strategic initiatives, and the development of risk assessment which was stratified into three different categories. BerryDunn also proposed an internal audit schedule, which the Committee unanimously approved. Ms. Martin stated that BerryDunn will be reporting to the Committee on their progress on a quarterly basis.

Ms. Martin reported on the IT internal audit updates provided by Mr. Blake covering the initiatives recommended by BerryDunn and Crowe in their respective risk assessments. Ms. Martin reported that the initiatives are in various stages of completion.

Ms. Martin reported on the budget modification request presented by Ms. Weldon of \$36,000 to cover the cost of the executive search firm. Ms. Martin stated that Korn Ferry was selected from an RFP process and the additional \$36,000 requested, combined with the \$34,000 that is currently

available in the budget, would account for the fees of the selected firm. Ms. Martin reported that the Committee unanimously recommends the budget modification request for Board approval.

Ms. Martin stated that the final item of business was to review the revisions of the Audit-Finance Committee Charter, which included minimal updates and language changes. Ms. Martin reported that the Committee unanimously approved the changes to the Audit-Finance Committee Charter and the Charter will be reviewed on an annual basis moving forward.

Mr. Lisi requested a motion for acceptance of the Audit-Finance Committee's recommendation and approval of the budget modification request for \$36,000 to retain Korn Ferry as the executive search firm to fill the vacant senior management position. Mr. Davis moved for approval and Mr. Varholak seconded the motion.

The floor was opened to questions and a brief discussion ensued. Ms. Martin stated that the total budgeted expense for the executive search firm would be \$70,000.

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

AYES

Michael Angelini
Lawrence Davis
Steven L. Elbaum
Kimberly Kennison
Peter W. Lisi
Susan Martin
Alan Mattamana
Sarah Sanders
Mark Varholak

NAYS

None

ABSTENTIONS

None

RESOLUTION: APPOINTMENT AND REMOVAL OF BOARD MEMBERS FOR THE CHEFA COMMUNITY DEVELOPMENT CORPORATION

Mr. Kurowski stated that, since Mr. Darrell Hill is no longer the designee for the Office of the Treasurer, Staff is requesting removal of Mr. Hill as a director of CHEFA CDC and appointment of Ms. Sanders, the new designee for the Office of the Treasurer, as a director of CHEFA CDC. Mr. Kurowski stated that the resolution requires the Member designee of CHEFA CDC to attend a member meeting and adopt a similar resolution.

Mr. Lisi requested a motion for approval of the appointment and removal of Board Members for the CHEFA Community Development Corporation (Resolution #2023-01). Mr. Davis moved for approval and Mr. Angelini seconded the motion.

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

AYES

Michael Angelini
Lawrence Davis
Steven L. Elbaum
Kimberly Kennison
Peter W. Lisi
Susan Martin
Alan Mattamana
Sarah Sanders

NAYS

None

ABSTENTIONS

None

Mark Varholak

Mr. Elbaum recused himself from the Executive Session and discussion as his firm, Robinson+Cole, serves as counsel in the transaction with the University of Hartford Issue, Series P. Mr. Elbaum left the hybrid meeting at 2:25 p.m.

EXECUTIVE SESSION: ATTORNEY-CLIENT PRIVILEGED COMMUNICATION – UNIVERSITY OF HARTFORD, SERIES P

Mr. Lisi requested a motion to go into Executive Session at 2:25 p.m. to discuss the attorney-client privileged communication regarding the University of Hartford Issue, Series P. Mr. Angelini moved to go into Executive Session 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>	<u>RECUSALS</u>
Michael Angelini	None	None	Steven L. Elbaum
Lawrence Davis			
Kimberly Kennison			
Peter W. Lisi			
Susan Martin			
Alan Mattamana			
Sarah Sanders			
Mark Varholak			

At 2:26 p.m., all Staff members and meeting attendees left the hybrid meeting so that all Board members, Ms. Aguilera, Mr. Jandreau, Mr. Morris, and Ms. Weldon could attend the Executive Session via a separate videoconference or in-person meeting room.

All Staff and meeting attendees returned to the hybrid meeting at 3:01 p.m. Mr. Lisi stated that there were no votes taken during Executive Session.

ADJOURNMENT

There being no further business, Mr. Davis moved to adjourn the hybrid 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		
Kimberly Kennison		
Peter W. Lisi		
Susan Martin		
Alan Mattamana		
Sarah Sanders		
Mark Varholak		

The hybrid meeting adjourned at 3:02 p.m.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read "Jeanette W. Weldon". The signature is fluid and cursive, with the first name "Jeanette" being more prominent than the last name "Weldon".

Jeanette W. Weldon
Executive Director