

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Minutes of Authority Board Meeting
October 20, 2021

The State of Connecticut Health and Educational Facilities Authority held a meeting via teleconference at 1:30 p.m. on Wednesday, October 20, 2021.¹

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
Steven L. Elbaum
Darrell V. Hill (*Designee for CT State Treasurer Shawn T. Wooden*)
Kimberly Kennison (*Designee for Melissa McCaw, OPM Secretary*)
Dr. Estela R. Lopez
Susan Martin
Mark Varholak

ABSENT: Alan Mattamana

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Jessica Bishop, Administrative Services Assistant
Daniel Giungi, Communication and Legislative Affairs Specialist
Robert Jandreau, Sr. Finance Associate
Krista Johnson, Compliance Specialist
Daniel Kurowski, CHEFA CDC Program Manager
Carlee Levin, Senior Accountant
JoAnne Mackewicz, Controller
Michael F. Morris, Managing Director, Client Services
Marlene Pagan, Transaction Analyst
Cynthia D. Peoples-H., Managing Director, Operations & Finance
Julia Pollano, Operations Reporting Analyst
Kara Stuart, Manager, Administrative Services
Betty Sugerman Weintraub, Grant Program Manager of the Connecticut
Health and Educational Facilities Authority

GUESTS: Bruce Chudwick, Esq., Partner, Shipman & Goodwin LLP
Shashky Clarke, Associate, Hinckley Allen
Deborah Henry, Principal, Hardwick Law Firm, LLC
Diana Hoadley, Head of Higher Education and Non-Profit Finance,
Goldman Sachs.
Parthesh Karna, Associate, Hawkins, Delafield & Wood LLP
Kevin Palumberi, Associate, Carmody Torrance Sandak & Hennessey LLP
Namita Shah, Esq., Day Pitney LLP
Ed Samorajczyk, Esq., Robinson + Cole LLP
Trina Smith, Sr. Managing Consultant, Public Financial Management, Inc.

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

Jane Warren, Esq., Partner, McCarter & English, LLP
Noreen White, Co-President, Acacia Financial Group, Inc.
Ann Zucker, Esq., Partner, Carmody Torrance Sandak & Hennessey LLP

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the meeting minutes of the September 15, 2021 Board of Directors annual meeting. Ms. Kennison moved to approve the minutes 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		
Steven L. Elbaum		
Darrell V. Hill		
Kimberly Kennison		
Peter Lisi		
Dr. Estela R. Lopez		
Susan Martin		
Mark Varholak		

BOARD EDUCATION – UNDERSTANDING TAXABLE AND TAX-EXEMPT BONDS

Diana Hoadley, Head of Higher Education and Non-Profit Finance, Goldman Sachs

Mr. Morris introduced Ms. Diana Hoadley, Head of Higher Education and Non-Profit Finance, at Goldman Sachs.

Ms. Diana Hoadley gave a detailed presentation on the following topics:

- 2021 Higher Education Issuance Overview
- Taxable vs. Tax – Exempt Higher Education Issuance, 2016 – 2021 YTD
- Key Participants in a Municipal Tax-Exempt or Taxable Bond Financing
- Roles for Key Participants in a Municipal Tax-Exempt or Taxable Bond Financing
- Corporate CUSIP Official Memorandum vs. Municipal CUSIP / Official Statement Covers
- Key Criteria to Evaluate the Issuance of Taxable vs. Tax-Exempt Debt
- Tax Status – Highlighting the Distinctions Between a Tax-Exempt and Taxable Issuance
- Taxable Bonds as an Attractive Financing Alternative
- Illustrative Comparative Pricing Schedules

The floor was opened to questions and a discussion ensued.

Mr. Lisi thanked Ms. Hoadley for her time and informative presentation. Ms. Hoadley left the teleconference meeting at 2:22 p.m.

EXECUTIVE DIRECTOR’S REPORT

Authority Updates

Ms. Weldon reported that CHEFA and CHESLA staff will return to the office in a hybrid model on November 1st. The hybrid model will consist of three days in the office and two days working remotely. Ms. Weldon stated that management is viewing this not as just a COVID measure, but as a new way that CHEFA can operate.

Regarding Board meetings, Ms. Weldon stated that all November Board and Committee meetings will be by Zoom only. Ms. Weldon reported that the COVID policy for staff, defined as all staff under the corporate umbrella, CHEFA and CHESLA staff combined, is required to be vaccinated or have an approved medical or religious exemption. Unvaccinated staff will be required to undergo weekly testing. Ms. Weldon reported that 82% of staff are vaccinated with some additional documentation still pending submission, so a minor fluctuation in that number is possible. Ms. Weldon stated that for those who will be testing, management will allow testing to happen during work hours and it will be at the Authority's expense. Based on advice from outside counsel, it is believed that this is the best approach to take at this time.

Ms. Weldon stated that staff is soliciting bids from test providers that the State has contracted with and the due date for those responses is today, October 20th. Ms. Weldon stated that other providers offering small employer options are also being investigated. Ms. Weldon said that in order to accommodate this testing expense, Board approval is requested for a budget modification of \$20,000 to cover the costs from now through the end of the fiscal year.

Ms. Kennison inquired whether the free testing sites that have been set up by the State of Connecticut could be an option for CHEFA and CHESLA employees. A brief discussion ensued.

Mr. Lisi requested a motion to approve the budget modification of up to \$20,000 for required staff COVID testing expenses. Mr. Davis moved to approve the budget modification and Dr. Lopez seconded the motion.

Mr. Hill stated that he will be voting no as he does not believe the Authority should incur the cost of weekly testing for unvaccinated individuals, given other resources available to them. A discussion ensued.

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

AYES

Michael Angelini
Lawrence Davis
Steven L. Elbaum
Peter Lisi
Dr. Estela R. Lopez
Susan Martin
Mark Varholak

NAYS

Darrell V. Hill

ABSTENTIONS

Kimberly Kennison

Client Updates

Mr. Morris reported that there are two new applications on the financing forecast, Avon Old Farms, a public offering which will be presented today, and a new issue for The Rectory School. The Rectory School will be a private placement with Westfield Bank, and will be refunding a prior issue and a small amount of new money. Mr. Morris stated that the final memo for The Rectory School will be presented at the November Board meeting.

Financial Report – July 31, 2021 and August 31, 2021

Ms. Mackewicz reported on the two months ending August 31, 2021. Operating revenues exceed operating expenses by \$733,000 and \$727,000 after investment income and program expenses. Revenues are over budget by \$1,000 and expenses are under budget by \$26,000. Ms. Mackewicz stated that there are no notable items for the first two months of the fiscal year.

Interest Rate Report

Ms. Peoples reported on movement in the stock market and yield curve over the last month and day, along with information about current FOMC activities.

Market Updates

Mr. Jandreau reported that there have been no real marketable changes within the municipal market from both a technical and fundamental perspective. Mr. Jandreau stated that comments and observations staff has been making on a monthly basis continue to hold true today and are highlighted by a strong technical environment where demand continues to outweigh supply. Some of the factors leading to this environment have been the municipal market's high ratings quality, relative value attractiveness versus other asset classes, and expected investment return from these assets. Mr. Jandreau said that regarding investment return, it is worth mentioning that on a year-to-date basis, both taxable and tax-exempt municipal bonds have outperformed both AA-rated Corporate bonds and US Treasuries in the 2, 5, 10 and 30-year parts of the curve.

Mr. Jandreau highlighted the Hartford HealthCare transaction on the transaction report. Mr. Jandreau stated that this deal was very well received by the marketplace and saw oversubscription levels of up to 12.4 times. This strong level of demand allowed for the underwriter to adjust yield levels by as much as 6 to 10 basis points in a bulk of the maturities. Mr. Jandreau said that overall, it was a very successful transaction with a great result for Hartford HealthCare.

PRELIMINARY STAFF MEMO

Avon Old Farms Issue, Series D

Mr. Jandreau reported that Avon Old Farms intends to issue approximately \$30.525 million of both tax-exempt and taxable bonds for the purpose of refinancing their existing CHEFA issued bonds, finance swap termination cost, and to fund some capital projects focused on renovations to dormitories located on the School's Quad. Avon Old Farms does not currently maintain a credit rating but has a school onsite visit with Moody's on October 26th with the expectation of having a rating in hand by November 10th prior to CHEFA's Board meeting.

Mr. Jandreau reported that the tax-exempt proceeds will be used to finance the refunding of the 2013 Series C bonds and finance the capital projects. The taxable bond proceeds will be used to finance the applicable swap termination costs. Both series of bonds will be fixed-rate unenhanced offerings backed by a general obligation pledge of the school and a lien on gross revenues.

Mr. Jandreau stated that Avon Old Farms has had very stable enrollment despite the pandemic. There has been a slight drop in applications, but the drop has come as a result of focusing more on a target audience rather than seeking a broader audience, which didn't necessarily fit what the School was looking for or could support.

Mr. Jandreau stated that the School's excellent reputation allows it to have superior pricing power within the highly competitive market which it competes. Avon Old Farms is the highest priced Boarding School within its market and the second highest day school following The Hotchkiss School. As a result, the financial performance at the School has been very positive with growing operating surpluses. Operating margins are well above the Moody's medians, net tuition revenue increases have surpassed operating expenses, total net assets have grown close to 40%, in addition to cash and investments, and monthly days cash on hand has also improved.

Mr. Jandreau reported that the School's endowment has reached its highest level in history and that the spend rate remains at or below 5%. The School's fundraising abilities have been very healthy and are in the early stages of a potential \$100 million capital campaign in which proceeds will be used for capital projects and endowment support. Throughout COVID, the School has faced shutdown, issued reimbursements, and has still managed to produce positive financial results.

Mr. Jandreau opened the floor to questions and a discussion ensued.

Ms. Kennison inquired about the lien on the gross revenue and a brief discussion ensued. Mr. Jandreau stated that he will provide more information at the November meeting.

ADJOURNMENT

With there being no further business at 2:55 p.m., Mr. Lisi requested a motion to adjourn the meeting. Ms. Kennison moved to adjourn the meeting 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
Darrell V. Hill
Kimberly Kennison
Peter Lisi
Dr. Estela R. Lopez
Susan Martin
Mark Varholak

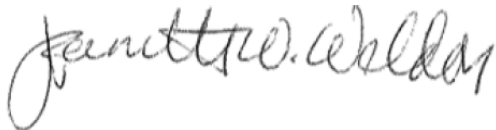
NAYS

None

ABSTENTIONS

None

Respectfully submitted,



Jeanette W. Weldon
Executive Director