

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Minutes of Authority Board Meeting
January 19, 2022

The State of Connecticut Health and Educational Facilities Authority held a meeting via teleconference at 1:30 p.m. on Wednesday, January 19, 2022.¹

The meeting was called to order at 1:35 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*)²
Susan Martin
Alan Mattamana

ABSENT: Kimberly Kennison (*Designee for Melissa McCaw, OPM Secretary*)
Mark Varholak

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
Shasky Clarke, Associate, Hinckley Allen³
Christopher Collins, AVP-Analyst, Moody's Investors Service
Mary Jo Kelly, Principal, Hardwick Law Firm, LLC
Diana Lee, VP-Senior Credit Officer, Moody's Investors Service
Josh Nyikita, Managing Director, Acacia Financial Group, Inc.
Kevin Palumberi, Associate, Carmody Torrance Sandak & Hennessey LLP
Erick Russell, Esq., Pullman & Comley LLC
Namita Shah, Esq., Day Pitney LLP

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

² Mr. Hill joined the teleconference meeting at 2:03 p.m.

³ Mr. Clarke joined the teleconference meeting at 1:41 p.m.

Ed Samorajczyk, Esq., Robinson + Cole LLP
Trina Smith, Sr. Managing Consultant, Public Financial Management, Inc.
Jane Warren, Esq., McCarter & English, LLP⁴

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the meeting minutes of the November 17, 2021 Board of Directors meeting. Mr. Lisi moved to approve the minutes and Mr. Elbaum 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
Peter Lisi
Susan Martin

NAYS

None

ABSTENTIONS

Alan Mattamana⁵

BOARD EDUCATION - HEALTHCARE AND HIGHER EDUCATION RATING ANALYSIS OVERVIEW

Diana Lee, VP-Senior Credit Analyst and Christopher Collins, AVP-Analyst

Mr. Morris introduced Ms. Diana Lee, VP-Senior Credit Analyst and Mr. Christopher Collins, AVP-Analyst from Moody’s Investors Services. Ms. Lee and Mr. Collins gave a presentation on NFP Healthcare and Higher Education: Trends and Methodology.

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

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

EXECUTIVE DIRECTOR’S REPORT

Authority Updates

Ms. Weldon reported that Saint Francis Hospital, in conjunction with its parent organization, has filed a lawsuit against Hartford Healthcare alleging that Hartford Healthcare is trying to create a monopoly and is seeking monetary damages but no dollar amounts have been indicated. Ms. Weldon stated that this is something the Authority will be monitoring but that no action is needed at this time. Ms. Weldon reported that Saint Francis, which is part of the Trinity Health System, has approximately \$200 million of CHEFA debt outstanding and is rated AAA/AA-. Ms. Weldon reported that Hartford Healthcare is one of the Authority’s major borrowers with about \$800 million of CHEFA debt outstanding. Hartford Healthcare is rated A2, A and A+, and has denied the allegations.

Ms. Weldon reported that CHESLA is moving forward with the implementation of the Alliance District Teacher Loan Subsidy Program, which was the legislative initiative passed last session. Ms. Weldon reported that the bond commission approval of \$7 million for program funding passed in December and the Authority is in the process of going through the mechanics of

⁴ Ms. Warren joined the teleconference meeting at 2:03 pm.

⁵ Mr. Mattamana abstained from voting as he did not attend the November 17, 2021 Meeting.

implementation. The program will be presented at the CHESLA board meeting on January 27, 2022.

Client Updates

Mr. Morris reported that there are two new bond issues on the financing forecast, Fairfield University, being presented today, and the Village for Families and Children that is planning to refund its existing 2013 bond issue and obtain approximately \$8 million of new money to finance the acquisition and renovations of a building in downtown Hartford. Mr. Morris reported that Jerome Home, The Rectory School, Gaylord Hospital's EasyLoan, and Avon Old Farms have closed since the last Board meeting. Mr. Morris reported that Yale University is remarketing 2 bond issues totaling \$400 million which are scheduled to price next week. Mr. Morris reported that Day Kimball entered into an affiliation agreement with Covenant Health, a nonprofit Catholic health system headquartered in Massachusetts, that owns and operates 12 senior living facilities and 3 hospitals throughout New England and into Pennsylvania. Mr. Morris reported that the affiliation agreement is in its initial stages and still needs to go through regulatory approval.

Financial Report

Ms. Peoples reported that the budgeted amount for bond issuance is \$275 million in new money financing for FY 2022, and as of November 30, 2021 the Authority has issued \$366.1 million, equaling an additional \$91.1 million of which almost 12% is refunding. Ms. Peoples reported that at \$3.151 million operating revenues are over budget by approximately \$35,000 year-to-date and operating expenses are under budget by about \$43,000 year-to-date, totaling a net income of \$78.6, and a \$564.6 change in net position.

Interest Rate Report

Ms. Peoples shared an article from Bloomberg.com titled "*Markets Tremble at Fed's Unprecedented Double-Edged Tightening*", which refers to anticipation the Fed will make an unprecedented combination of interest rate hikes in conjunction with balance sheet reduction throughout the upcoming year. Ms. Peoples reported on the uncertain timing and potential impacts in the market.

Market Updates

Mr. Jandreau reported:

- Tax-exempt issuance for 2021 totaled \$345 billion, exceeding 2020's total of \$316 billion.
- Taxable issuance for 2021 totaled \$136 billion, trailing 2020's total of \$181 billion.
- Municipal bond inflows for the 2021 full year totaled \$101.7 billion, the highest since the inception of the data in 1992.

Mr. Jandreau turned the floor over to Mr. Josh Nyikita from Acacia Financial Group, Inc. Mr. Nyikita presented the following post-sale report on Avon Old Farms Issue, Series D-1 & D-2.

- On December 1, 2021 the revenue bonds were sold on behalf of Avon Old Farms School.
- Par Amount: \$31,695,000 consisting of \$29,460,000 Series D-1 (Tax-Exempt) and \$2,235,000 Series D-2 (Taxable).
- Proceeds of the non-taxable Series D-1 Bonds will be used to currently refund the school's Series C Bonds, fund \$14 million for capital projects, primarily dormitory improvements, and to pay costs of issuance. Proceeds of the taxable Series D-2 Bonds will be used to fund swap termination payments associated with the refinancing of the Series C Bonds.
- The bonds were secured by a general obligation pledge of Avon Old Farms and was rated A3 by Moody's Investors Services.

- On November 30, 2021 the financing team reviewed general market conditions and proposed pre-marketing levels to be presented to investors. The transaction closed on December 15, 2021; Pricing took place on December 1, 2021.
- November 2021 was an active month in the fixed income and equity markets with the Federal Reserve's tapering announcement, passage of President Biden's Infrastructure package and the emergence of the Omicron variant. For this reason, fear and uncertainty played a factor in the pricing so a cautious approach was taken by Acacia and the underwriters.
- US Treasury rates began to increase based on fears of inflation, but despite the volatility, overall rates remained very low from a historical standpoint and the demand for bonds remained very robust. Given the combination of market volatility and strong fundamentals, Stifel wanted to go out with a relatively aggressive pricing strategy with the hopes of creating a strong book.
- On the day of pricing, Stifel ran an order period for the Bonds from 10:00 to 11:30 a.m.
- By the end of the order period, the overall subscription level was over 4 times for the entire transaction, which was equally as successful for taxable (3.9 times) and tax-exempt (4.2 times) series. Based on that yield, Stifel was able to lower yields on the tax-exempt bonds by 2 to 6 basis points across the curve and lower yields by 5 basis points each taxable maturity.
- 27 different accounts put orders in for the bonds with Eaton Vance Investment Management, Fidelity Funds, Nuveen Advisory Corp., and Lord Abbett & Co. LLC, multiple orders were in excess of \$10 million.
- Mr. Nyikita reported that the overall results of the sale were favorable, especially given market volatility.

Mr. Elbaum recused himself from Fairfield University Issue, Series U agenda item as his firm, Robinson+Cole, is involved in the transaction. Mr. Elbaum left the teleconference meeting at 2:37 p.m.

PRELIMINARY STAFF MEMO **Fairfield University, Series U**

Mr. Jandreau reported that Fairfield University intends to seek up to \$30 million dollars of new money for the construction of a new 200-bed residence hall, a new parking garage and to finance other miscellaneous construction, renovations, improvements and equipment acquisition on campus. Mr. Jandreau stated that the recommendation for approval of the proposed financing will be presented at the February Board Meeting. Mr. Jandreau reported that the approximate costs of the residence hall is just over \$20 million and roughly \$10 million for the parking garage. Mr. Jandreau reported that the new residence hall will be additive to the total number of beds available at the University and will not be used to replace beds. Mr. Jandreau reported that the University has seen student enrollment exceed forecasts which has led to the decision to add additional capacity. Mr. Jandreau reported that currently, the University has approximately 185 students residing in triplets and are looking to alleviate that congestion.

Mr. Jandreau reported that Fairfield University currently has approximately \$259 million dollars of outstanding CHEFA issued debt across four series of bonds and was last rated A3/A- by Moody's and S&P respectively. Moody's has a positive outlook on the University while S&P holds a stable outlook. The University has meetings with the rating agencies scheduled for the week of February 7 in order to obtain updated ratings. Mr. Jandreau reported that the proposed financing is expected to be issued as unenhanced, fixed rate bonds with maturities out to 40 years. Bonds will be

general obligations of the University and a mortgage or debt service reserve fund will not be required.

Mr. Jandreau reported that student demand at the University has been very strong as evidenced by historically high application levels, improving selectivity, matriculation and enrollment. Mr. Jandreau reported that higher enrollment has led to favorable operating performance with growing net tuition revenue growth over the past five years. Mr. Jandreau reported that liquidity measures at the University are in line with the Moody's A-rated medians and from a days-cash on-hand perspective, liquidity is reflective of a AA-rated institution.

Mr. Jandreau reported that from leverage perspective, metrics are slightly elevated, but the University is more than capable of meeting debt service coverage. Mr. Jandreau reported that pro forma debt service is approximately \$19.9 million or 8.7% of operations.

Mr. Jandreau reported that Staff will have more qualitative information provided in its final memo to the Board next month as it relates to the endowment, any fundraising and/or capital campaigns, and COVID related information once the University is able to provide that information to Staff.

Mr. Jandreau opened the floor for questions and a discussion ensued. Mr. Lisi inquired whether the information coming would be for calendar year 2021. Mr. Jandreau stated that he is anticipating an "Appendix A" from the University which will provide that data.

Mr. Elbaum rejoined the teleconference at 2:43 p.m.

FINAL STAFF MEMO AND AUTHORIZING BOND RESOLUTION (2022-01)
Connecticut College Issue, Series M

Mr. Jandreau reported that Staff is seeking approval of up to \$70 million for the Connecticut College Issue, Series M. Proceeds from the sale will be used to current refund the outstanding Series J & K Bonds as well as to finance various capital projects on campus. The net present values savings from the refunded bonds equals approximately \$911,000 or 7.8%.

Mr. Jandreau reported that Connecticut College benefits from strong brand recognition, favorable philanthropic support and wealth, and strong liquidity. Mr. Jandreau reported that the College is faced with the challenges of high expenses, declining net tuition revenue growth resulting from large increases in tuition discounting and high age of plant.

Mr. Jandreau reported that It is expected that the College will maintain its mid-single A rating from Moody's, which Staff views as positive. Mr. Jandreau reported that the objective of the proposed financing is to reduce interest rate expense on the existing debt and secure financing to address the College's deferred maintenance. Mr. Jandreau reported that the College expects to close the 2021-2022 fiscal year with balanced operating results.

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

Mr. Lisi requested a motion for approval of up to \$70 million for the Connecticut College Issue, Series M (Authorizing Resolution #2022-01). Mr. Davis moved for approval and Mr. Mattamana 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
Peter Lisi
Alan Mattamana
Susan Martin

NAYS

None

ABSTENTIONS

None

COMMITTEE REPORTS

Grant Committee

Mr. Davis reported that the Grant Committee met earlier to discuss the applicants for the FY 2022 Targeted Grant Program. Mr. Davis reported that initially there were 20 Letter of Interest (LOI) applicants, which were then reduced down to 8 applicants, with a recommendation to fund 4 final applicants for a total of \$1 million. Mr. Davis reported that CHEFA was looking specifically for applicants that support the workforce initiative. Mr. Davis reported that the final 4 recommended applicants are as follows:

- Goodwin University: The Goodwin University Connecticut Manufacturing Workforce Development Initiative
- Junior Achievement of Southwest New England, Inc.: Expanding & Enhancing Junior Achievement Career Ready Programs: Comprehensive Industry Exploration & Career Pathway Programming
- The Justice Education Center, Inc.: Career Pathways provides technology trainings for under-credited, at-risk youth
- Wakeman Memorial Association: Building Economic Opportunity: Boys & Girls Club in Connecticut Youth Workforce Readiness

Mr. Davis stated that a communication will be sent to the Committee and Board requesting input on recommendations for targeted grant initiatives and considerations going forward.

Mr. Davis reported that the Nonprofit Grant Forum centered around addressing health inequities that was initially planned for March will be moved to a future date due to challenges Covid has presented with meeting that timeline. Mr. Davis reported that discussions are underway to potentially move the event to June and that the alternate date recommendation will be sent to the Board once it is available.

Ms. Aguilera stated that the grant amount for each of the awardees would be \$250,000.

Mr. Lisi motioned to accept the FY 2022 Targeted Grant program funding recommendations as outlined by Mr. Davis. 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
Peter Lisi

NAYS

None

ABSTENTIONS

None

Susan Martin
Alan Mattamana

OTHER BUSINESS

Mr. Morris stated that the annually required CHEFA CDC Ethics and Conflict of Interest policies are in the Board package for Members to sign and send to Ms. Stuart.

ADJOURNMENT

With there being no further business at 2:56 p.m., Mr. Lisi moved to adjourn the meeting and Mr. Hill 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
Peter Lisi
Susan Martin
Alan Mattamana

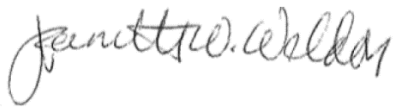
NAYS

None

ABSTENTIONS

None

Respectfully submitted,



Jeanette W. Weldon
Executive Director