

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Minutes of Authority Board Meeting
April 20, 2022

The State of Connecticut Health and Educational Facilities Authority held a meeting via teleconference at 1:30 p.m. on Wednesday, April 20, 2022.¹

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 Jeffrey Beckham, OPM Acting Secretary*)
Susan Martin
Alan Mattamana

ABSENT: Mark Varholak

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Dan Giungi, Government Affairs & Communications Specialist
Robert Jandreau, Sr. Finance Associate
Krista Johnson, Compliance Specialist
Carlee Levin, Senior Accountant
JoAnne N. Mackewicz, Controller
Michael F. Morris, Managing Director, Client Services
Marlene Pagan, Transaction Analyst
Cynthia D. Peoples-H., Managing Director, Operations & Finance
Kara Stuart, Manager, Administrative Services
Betty Sugerman Weintraub, Manager of Grant Programs and Philanthropic Outreach of the Connecticut Health and Educational Facilities Authority

GUESTS: Michael Andreana, Esq., Pullman & Comley LLC
Jeremy Bass, Managing Director, Public Financial Management, Inc.
Bryan Boeckmann, Director, Barclays
Bruce Chudwick, Esq., Shipman & Goodwin LLP
Tom Ellett, Chief Experience Officer, Quinnipiac University
Scott Gibson, Executive Director, Oppenheimer & Co. Inc.
Laurie Hall, Esq., Hawkins, Delafield & Wood LLP
Mary Jo Kelly, Principal, Hardwick Law Firm, LLC
Thomas Marrison, Partner, Hinckley, Allen & Snyder LLP
David Panico, 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

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

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

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the minutes of the March 23, 2022 meeting of the Board of Directors. Mr. Angelini moved to approve the minutes and Mr. Davis 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
Peter Lisi
Susan Martin

NAYS

None

ABSTENTIONS

Steven L. Elbaum²
Alan Mattamana³

EXECUTIVE DIRECTOR’S REPORT

Authority Updates

Ms. Weldon turned the floor over to Mr. Giungi to provide a legislative update.

Mr. Giungi reported on the following 3 bills:

- Senate Bill 103: The omnibus proposal that contains several CHEFA and CHESLA legislative agenda proposals. It is currently awaiting action in the Senate. Staff is working with Committee ranking members, co-chairs, and the Governor’s office to ensure it is ready for action and to bring it to a vote in the Senate.
- Senate Bill 382: The Connecticut New Market Tax Credit proposal. This bill was voted out of the Finance, Revenue and Bonding Committee on consent, receiving unanimous support, and is currently awaiting action by the Office of Legislative Research and the Office of Fiscal Analysis. Staff is waiting for a file copy to be published, moved to the floor of the Senate, and assigned a calendar number. Once it is ready for action in the Senate staff will work to have it brought to a vote.
- Senate Bill 473: This bill was voted out of the Government Administration and Elections Committee. It expands the State Contracting Standards Board’s authority over quasi-public state agencies. Staff is working on a CHEFA specific exemption as an amendment to the bill if action is to be taken by the Senate.

Ms. Weldon stated that there are only two weeks left of the legislative session and numerous discussions and negotiations are happening in these waning days.

Mr. Elbaum inquired about Senate Bill 473 and a brief discussion ensued.

Client Updates

Mr. Morris provided the following updates:

- One new financing for Ridgefield Academy, a \$9 million private placement offering to refund its 2015 bond issue.
- Stamford Hospital refunding closed earlier this month. This was a forward purchase contract that priced back in August.

² Mr. Elbaum abstained from voting as he did not attend the March 23, 2022 Meeting.

³ Mr. Mattamana abstained from voting as he did not attend the March 23, 2022 Meeting.

- Sacred Heart University bond issue closed yesterday and the sales report will be presented today.
- The Frederick Gunn School private placement offering is closing tomorrow.
- Staff is starting to work on a number of remarketings for four Yale University bond issues that have mandatory tenders that are coming up in July.

Financial Report – February 28, 2022

Ms. Mackewicz reported on the 7 months ending February 28, 2022. Operating revenues exceed operating expenses by \$2.6 million. Non-operating expenses exceed those revenues by \$2 million, for a change in net position of \$544,000. The construction funds increased slightly and this is predominately due to the closing of the Connecticut College issue. The Revolving Loan Fund closed one more loan in February totaling \$75,000, for a program total of \$750,000 to date.

Interest Rate Report

Ms. Peoples reported movement with the Fed target policy rate last month and the latest movements in the yield curve.

Market Updates

Mr. Jandreau reported that there was a \$220.7 million transaction for University of Connecticut (UConn) which was all new money and was being issued as part of their UConn 2000 Infrastructure Improvement Program adopted back in 1995. There are 3 phases to the Program, and it allows the University to continuously issue bonds through the year 2027. The program provides for updates to the UConn Health campus as well.

SALES REPORT**Sacred Heart University Issue, Series L (Acacia Financial Group, Inc.)**

Ms. Noreen White of Acacia Financial Group, Inc. provided a transaction and pricing overview for the Sacred Heart University Issue, Series L. Ms. White stated that despite the current market volatility and rise in MMD, 22 different accounts put in orders for the bonds allowing the deal to be successful.

FINAL STAFF MEMO AND AUTHORIZING BOND RESOLUTION (2022-06)**Quinnipiac University, Issue, Series N**

Mr. Jandreau introduced Mr. Tom Ellett, Chief Experience Officer at Quinnipiac University. Mr. Jandreau reported the following on Quinnipiac University:

- The University's graduation rate is very strong when compared to national averages (based on available market data).
- The decision to transition the third party provider to an internally based function was a strategic decision, enabling the University to tailor its admissions activities to a higher level of execution.
- On a broad level, the University is doing very well operationally and financially.
- The University has the second best operating ratios amongst its similarly rated peers in the CHEFA Higher Education portfolio.
- Total cash and investments and spendable cash and investments, in addition to total revenues, are favorable.
- The endowment level is very strong, the University has the highest percentage of unrestricted assets in comparison to all University's in the CHEFA portfolio.

Mr. Jandreau reported on the following challenges of the University:

- The University has the second highest level of debt outstanding and is elevated in comparison to its peers. A level closer to 5% would be more ideal. However, the University is capable of meeting its debt service obligations given its strong margins and liquidity.
- Declining enrollment and application levels. One cause of the decline was the transition of the admissions process from a third party provider to being managed internally. However, Quinnipiac is already reporting improvements in its upcoming 2022 Fall numbers coming as a result of the transition. Other factors contributing to the declines were the pandemic, historically large graduating classes, and turnover in two key roles at the University, one in Enrollment Management and the other in Financial Aid.
- The University reduced its enrollment targets based upon a study for its 2020 Facilities Master Plan which led management at the University to feel that the campus was overcrowded. Over the next five years, Quinnipiac expects applications to stabilize at around 20,000 students and freshmen enrollment to come in around 1,800. The average freshman matriculation for the University is 1,732 for the past five years. While declines have occurred, the University still received the second highest level of applications in relation to its peers, and also ranks second for enrollment behind Yale University. Mr. Jandreau said that this translates to there being a reasonably high level of demand that exists for the University compared to its peers.

Mr. Jandreau stated that staff believes the University is taking all of the necessary strategic steps to more closely define and execute on its admissions activities. In addition, the investment the University is undertaking of its campus - part of which will be financed through this proposed financing, is why staff would like to request the Board's approval.

Mr. Lisi requested a motion for approval up to \$65 million for the Quinnipiac University Issue, Series N (Authorizing Resolution #2022-06). Mr. Elbaum moved for approval and Mr. Mattamana seconded the motion.

Mr. Elbaum inquired about the unprecedented restricted versus unrestricted donations. Mr. Morris stated that it may be due to the University being relatively young compared to older institutions which typically received restricted gifts in the past as well as the way they marketed the fundraising. A discussion ensued.

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		
Susan Martin		
Alan Mattamana		

Mr. Lisi thanked Mr. Ellett for his time. Mr. Ellett left the teleconference meeting at 2:11 p.m.

Mr. Elbaum recused himself from the Ridgefield Academy Issue, Series C as his firm, Robinson+Cole, is involved in the transaction. Mr. Elbaum left the teleconference meeting at 2:12 p.m.

FINAL STAFF MEMO AND AUTHORIZING BOND RESOLUTION (2022-07)
Ridgefield Academy Issue, Series C

Mr. Jandreau reported that Ridgefield Academy is seeking approval to refinance its outstanding 2015 Series B bonds. When these bonds were issued, a decision was made to not integrate the corresponding swap. As a result, the cost to terminate the swap can only be done on a taxable basis.

Mr. Jandreau noted the financing structure with approximate dollar amounts and the security provision and covenants in the Board package. Mr. Jandreau said that because the Series B bonds are variable rate bonds, Staff was unable to calculate a net present value calculation. However, there is considerable debt service savings as average annual debt service will go from approximately \$762,000 per year to approximately \$431,000 per year, which helps improve the debt service coverage number.

Mr. Jandreau stated that because the proposed financing is a private placement staff did not need to do a credit analysis. Mr. Jandreau stated that the refinancing will help the Academy financially and it is favorable that there is not a new money component to the proposed financing.

Mr. Lisi requested a motion for approval up to \$9.25 million for the Ridgefield Academy Issue, Series C (Authorizing Resolution #2022-07). Mr. Davis moved for approval 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>	<u>RECUSALS</u>
Michael Angelini	None	None	Steven L. Elbaum
Lawrence Davis			
Darrell V. Hill			
Kimberly Kennison			
Peter Lisi			
Susan Martin			
Alan Mattamana			

Mr. Elbaum returned to the teleconference meeting at 2:16 p.m.

COMMITTEE REPORT

Audit-Finance/Human Resource Committee

Mr. Angelini stated that earlier today there was a combined meeting of the Audit-Finance and Human Resource Committees. The combined committee heard the proposal for the FY 2023 compensation and benefits budget which will become effective on July 1, 2022. The budget covered total compensation benefits, including healthcare, insurance coverages and other various fringe benefits. The percent change in budgeted base salaries for FY 2023 over actual FY 2022 base salaries is 3.36%. This change includes projected total merit increases for current staff for FY 2023. The proposed budget also includes a \$15,000 allotment to address labor grade adjustments, and a \$15,000 allotment for discretionary awards based on extraordinary efforts. In a proposed budget of \$2.4 million, employment cost comprises a significant portion of the total operations budget to be proposed to the Board in June. Mr. Angelini stated that the combined committees voted in favor of the proposed budget.

Mr. Lisi and Mr. Angelini thanked Ms. Peoples. Ms. Weldon and CHEFA staff for the thoroughness of the presented budget. Mr. Lisi stated that this portion of the budget will be adopted at the June meeting when presented the full budget.

OTHER BUSINESS

Mr. Lisi noted that the filing of the Connecticut Statement of Financial Interests is due by May 2, 2022.

ADJOURNMENT

There being no further business, at 2:22 p.m., Ms. Kennison 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
Kimberly Kennison
Peter Lisi
Susan Martin
Alan Mattamana

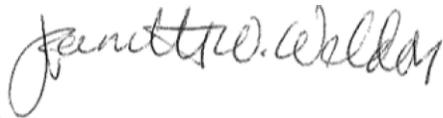
NAYS

None

ABSTENTIONS

None

Respectfully submitted,



Jeanette W. Weldon
Executive Director