

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

The State of Connecticut Health and Educational Facilities Authority held a meeting via videoconference at 1:30 p.m. on Wednesday, July 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, 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

ABSENT: Michael Angelini, Vice Chair
Alan Mattamana
Mark Varholak

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Rebecca Abblett, Administrative Services Assistant
Denise Aguilera, General Counsel
Rob Blake, Network Architect
Dan Giungi, Government Affairs & Communications Specialist
Robert Jandreau, Sr. Finance Associate
Dan Kurowski, Manager, Program Development & CHEFA CDC
Carlee Levin, Senior Accountant
JoAnne N. Mackewicz, Controller
Michael F. Morris, Managing Director, Client Services
Marlene Pagan, Transaction Analyst
Julia Pollano, Operations Reporting Analyst
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
Kristi Flynn, Partner, Hawkins, Delafield & Wood LLP
Scott Gibson, Executive Director, Oppenheimer & Co. Inc.
Deborah Henry, Principal Attorney, Hardwick Law Firm, LLC
Aaron Levy, Partner, Shipman & Goodwin LLP
Thomas Marrion, Partner, Hinckley Allen
Josh Nyikita, Managing Director, Acacia Financial Group, Inc.
Edward Samorajczyk, Jr., Esq., Partner, Robinson + Cole LLP
Namita Shah, Esq., Day Pitney LLP
Jane Warren, Esq., McCarter & English, LLP
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

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the minutes of the June 15, 2022 meeting of the Board of Directors. Mr. Davis moved to approve the minutes and Mr. Elbaum seconded the motion.

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

AYES

Lawrence Davis
Steven L. Elbaum
Darrell V. Hill
Peter Lisi
Susan Martin

NAYS

None

ABSTENTIONS

Kimberly Kennison²

EXECUTIVE DIRECTOR’S REPORT**Authority Updates**

Ms. Weldon noted the recent updated formatting to the Board Package based on the feedback provided by Board members. Ms. Weldon then reported on the successful CHEFA Nonprofit Forum held on June 23, 2022 and acknowledged Ms. Betty Sugerman Weintraub for her efforts. The Nonprofit Forum was focused around health equity with Dr. Tekisha Dwan Everette, the Executive Director of Health Equity Solutions, providing the keynote presentation and moderating a panel of experts in the field. NBC Connecticut featured a segment on the Nonprofit Forum and health equity after the event. The Nonprofit Forum had a successful turnout of 50 to 60 individuals mostly comprising grant applicants. Ms. Weldon commented that the Grant Committee Annual Meeting is scheduled for September 9, 2022, which occurs before the scheduled September Board meeting.

Ms. Weldon highlighted the press conference with the Governor, Lieutenant Governor, and Commissioner of the Department of Education regarding the launch of CHESLA’s Alliance District Teacher Loan Subsidy Program. Ms. Weldon noted that this program was part of CHESLA’s legislative agenda and is funded by state dollars. Ms. Weldon reported that segments of the press conference were aired on NBC Connecticut and WFSB. Mr. Lisi requested that links to those newscasts be sent to the CHEFA Board.

Ms. Weldon noted that CHEFA is exploring the feasibility of expanding the Revolving Loan Fund to non-clients, which aligns with CHEFA’s strategic initiative to broaden CHEFA’s impact. A staff proposal will be presented at the September Board meeting.

Client Updates

Mr. Morris reported on the financing forecast stating that there was a new financing for American School for the Deaf to construct two new dormitories. M&T/Peoples Bank will be the purchaser for the \$20 million direct placement offering. Mr. Morris stated that American School for the Deaf is a first-time borrower through the Authority.

Mr. Morris also reported on the following closings:

- LiveWell Alliance, closed on June 30, 2022
- Brunswick School, closed on their Forward Purchase Agreement that was executed in September 2021 and locked in a 1.45% interest rate for the next 11 years
- Yale University, closed on its four remarketings totaling over \$420 million

² Ms. Kennison abstained from voting as she did not attend the June 15, 2022 Board of Directors Meeting.

- The University of Hartford Issue Series P, closed July 20, 2022

Mr. Lisi inquired about the genesis of the American School for the Deaf relationship, which Mr. Morris commented that it was most likely through the School's counsel referral, but the Authority has had previous conversations in the past with different management.

Financial Report – May 31, 2022

Ms. Mackewicz reported on the 11 months ending May 31, 2022. Operating revenues exceed operating expenses by \$3.5 million. After program-related expenses, which is predominantly grants, the operating revenues exceed operating expenses by \$510,000. Revenues exceed the budget by \$86,000, and expenses are under budget by \$121,000. Ms. Mackewicz stated that CHEFA accrued the final grant program of \$1 million in May, which were all paid out by June 30, 2022.

Interest Rate Report

In the absence of Ms. Peoples, Ms. Weldon reported on the headlines relating to the Federal Reserve, the latest movements in the federal funds rate and the yield curve.

Market Updates

Mr. Jandreau stated that the transaction report is light most likely due to the higher rate environment, where the taxable municipal market was negatively impacted by the spike in interest rates and activity shifting towards taxable advance refundings. Mr. Jandreau cited JP Morgan and reported that \$210 billion of new issuance, comprising of \$170 billion tax-exempt bonds and \$40 billion taxable bonds, have come to market for the first half of calendar year 2022. JP Morgan anticipates a full year of gross issuance of \$358 billion. Mr. Jandreau stated that approximately 62% of issuance has been new money and 21% has been refunding.

STRATEGIC PLAN STATUS REPORT UPDATE

Ms. Weldon presented the FY2022 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 CHEFA and CHESLA impact; and organizational identify and culture, sustainable organization, and effective use of technology.

Ms. Kennison inquired about the business continuity testing performed in June, which Ms. Weldon reported was successful. Ms. Weldon also reported that this business continuity testing is scheduled annually to support the efforts in IT and cybersecurity.

SALES REPORT

University of Hartford Issue, Series P (Acacia Financial Group, Inc.)

Mr. Nyikita of Acacia Financial, Inc. provided a transaction and pricing overview for the University of Hartford, Series P that closed on July 20, 2022. Mr. Nyikita noted that the bond pricing took place on July 7, 2022, but that market and strategy conversations started earlier than normal due to the holiday earlier in the week, concerns with the "BBB-" credit rating with a negative outlook, and the relatively small size of the deal at \$25 million. Mr. Nyikita reported that, following the order period, there were 9 orders for the bonds totaling \$57.7 million that involved both new and existing investors for the University.

Mr. Lisi inquired about the investor concern with credit and size. Mr. Nyikita clarified that there were internal concerns that there may not have been as much interest in the smaller size of this transaction compared to the larger size of other transactions in the market.

Mr. Hill inquired about the funding of the springing DSRF, and Mr. Nyikita clarified the springing DSRF will be funded by the University and not through bond proceeds. If sprung, the DSRF is immediate. Mr. Morris added that the University's commitment for the springing DSRF applies to both of the University's outstanding issues, but CHEFA has allowed the University to obtain a letter of credit to fund the reserve fund if needed.

FINAL STAFF MEMO AND AUTHORIZING BOND RESOLUTION (2022-12)

Area Cooperative Educational Services Issue, Series B

Mr. Jandreau stated that Area Cooperative Educational Services (ACES) approached CHEFA over a year ago for financing of their Series A bonds, which were used to purchase the former Chase School. Mr. Jandreau reported that there is currently approximately \$9.6 million outstanding in the ACES Series A bonds and was purchased through Key Bank.

Mr. Jandreau stated that ACES intends to issue up to \$13 million of Series B, tax-exempt bonds sold to Key Bank. Proceeds from the sale of the bonds will be used to finance the majority of the \$16 million acquisition price of the Wintergreen Elementary School, which contains approximately 83,000 square feet on 11 acres with 200 parking spaces. Mr. Jandreau also stated that ACES is intending to lease a portion of the building to the Hamden Board of Education for one year, which is expected to generate \$475,000 in revenue.

Mr. Jandreau reported that the proposed financing has a ten-year mandatory tender, twenty-year amortization, and an indicative fixed rate of 4.234%. Mr. Jandreau noted that this is a direct purchase, and therefore Staff has not prepared a credit analysis.

Mr. Lisi requested a motion for approval for the Area Cooperative Educational Services Issue Series B (Authorizing Resolution #2022-12). Ms. Kennison moved for approval and Mr. Davis seconded the motion.

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

AYES

Lawrence Davis
Steven L. Elbaum
Darrell V. Hill
Kimberly Kennison
Peter Lisi
Susan Martin

NAYS

None

ABSTENTIONS

None

FINAL STAFF MEMO AND AUTHORIZING BOND RESOLUTION (2022-13)

Hopkins School Issue, Series E

Mr. Jandreau reported that Hopkins School is seeking approval of up to \$26 million in Series E bonds. Mr. Jandreau stated that proceeds from the sale of these bonds will be used to refinance the outstanding Series C and D bonds, as well as finance the majority of the construction costs of a new academic and performing arts center. The Series E bonds will be a publicly offered transaction and sold through Stifel Nicholas.

Mr. Jandreau stated that the school is the highest rated day school in the CHEFA portfolio with an S&P rating of "AA-" with a stable outlook, which was affirmed by S&P on July 20, 2022. As a result of Hopkins School's strong underlying credit rating, Mr. Jandreau also affirmed the underwriter believes that the school can successfully conduct a sale of bonds without requiring the school to fund a debt service reserve fund or provide financial covenants such as a minimum debt service coverage ratio or minimum liquidity requirement.

Mr. Jandreau reported that the school is currently in its quiet phase of what is expected to be its largest capital campaign in the school's history. The school has conducted two successful campaigns previously in 2012 and 2016, which raised \$37.2 million and \$30.1 million, respectively. Thus far, the school has raised more than \$11 million dollars before the launch of the new campaign and anticipates the launch to the public sometime next Summer or Fall. Mr. Jandreau stated that the campaign is expected to fund programs, facilities, and financial aid.

Staff requested the Board's approval of the bond series based on the positive ratings outcome, the school's long track record of favorable attributes (i.e., strong student demand, matriculation, strong operating results, favorable liquidity, low leverage levels), the benefit to the school with the proposed financing, and the bolstered reputation in the performing arts that the school would obtain.

Ms. Kristi Flynn, from the law firm Hawkins Delafield and Wood bond counsel to the Authority for this transaction, requested clarification on the overall amount of the bond transaction, whether the amount is \$26 million or \$30 million. Ms. Flynn stated that the authorizing resolution states \$30 million. Ms. Ann Zucker, representing the school for this transaction, confirmed that the request for the bond series is up to \$30 million.

Mr. Lisi requested a motion for approval for the Hopkins School Issue Series E (Authorizing Resolution #2022-13) for \$30 million. Ms. Martin moved for approval and Mr. Davis seconded the motion.

Mr. Davis inquired about the capital investments, which Mr. Jandreau reported that a portion of the funds for the capital campaign will go towards improvements on the campus. Mr. Jandreau also stated that the school has additional strategic plans for renovations in the future.

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

AYES

Lawrence Davis
Steven L. Elbaum
Darrell V. Hill
Kimberly Kennison
Peter Lisi
Susan Martin

NAYS

None

ABSTENTIONS

None

OTHER BUSINESS

Mr. Lisi noted that the next Board of Directors meeting is being offered as a hybrid meeting, where members can attend either electronically or in-person. There will be more information closer to the September meeting date.

ADJOURNMENT

There being no further business, at 2:20 p.m., Mr. Hill moved to adjourn the meeting and Mr. Davis seconded the motion.

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

AYES

Lawrence Davis
Steven L. Elbaum
Darrell V. Hill

NAYS

None

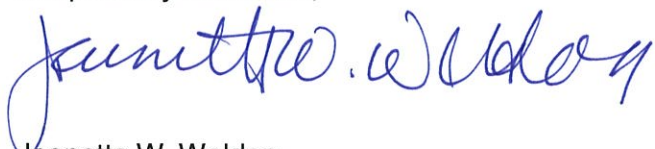
ABSTENTIONS

None

Kimberly Kennison
Peter Lisi
Susan Martin

The meeting adjourned at 2:20 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