

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Minutes of Authority Board Meeting
June 21, 2023

The State of Connecticut Health and Educational Facilities Authority held a meeting via videoconference and in-person on Wednesday, June 21, 2023.

The hybrid meeting was called to order at 1:30 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
Steven L. Elbaum
Kimberly Kennison (*Designee for Jeffrey Beckham, OPM Secretary*)¹
Susan Martin
Sarah Sanders (*Designee for CT State Treasurer Erick Russell*)²
Mark Varholak³

ABSENT: Lawrence Davis
Alan Mattamana

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Rob Blake, Manager of Information Technology & Cybersecurity
Dan Giungi, Government Relations & Communications Specialist
Rebecca Hrdlicka, Administrative Services Assistant
Robert Jandreau, Sr. Finance Associate
Krista Johnson, Compliance Specialist⁴
Dan Kurowski, Manager of Program Development & CHEFA CDC
Carlee Levin, Senior Accountant⁵
JoAnne N. Mackewicz, Controller
Michael F. Morris, Managing Director, Client Services
Marlene Pagan, Transaction Analyst⁶
Julia Pollano, Operations Reporting Analyst⁷
Kara Stuart, Manager, Administrative Services
of Connecticut Health and Educational Facilities Authority

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the minutes of the May 17, 2023 meeting of the Board of Directors. Mr. Angelini moved to approve the minutes and Mr. Elbaum seconded the motion.

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

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

³ Mark Varholak 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 Carlee Levin participated in the meeting via teleconference that permitted all parties to hear each other.

⁶ Marlene Pagan participated in the meeting via teleconference that permitted all parties to hear each other.

⁷ Julia Pollano participated in the meeting via teleconference that permitted all parties to hear each other.

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

AYES

Michael Angelini
Steven L. Elbaum
Kimberly Kennison⁸
Peter W. Lisi
Susan Martin
Sarah Sanders

NAYS

None

ABSTENTIONS

None

Mr. Varholak joined the videoconference meeting at 1:32 p.m.

EXECUTIVE DIRECTOR'S REPORT**Authority Updates**

Ms. Weldon reported that the executive search for the Managing Director of Operations and Finance has concluded with Mr. Charles Bodie as the selected candidate. Ms. Weldon presented Mr. Bodie's prior experience and background and stated that he is expected to start on July 10, 2023. Ms. Weldon turned the floor over to Mr. Giungi for updates on the recent legislative session.

Ms. Kennison joined the videoconference meeting at 1:33 p.m.

Mr. Giungi reported that the 2023 legislative session convened on January 4, 2023 and adjourned on June 7, 2023. Mr. Giungi stated that CHEFA's outreach efforts to legislators, caucus leadership, agencies and constitutional officers began in early November shortly after the election. Mr. Giungi reported that 3616 bills were proposed during the committee process, and 404 pieces of legislation had final action taken before adjournment of the session.

Mr. Giungi stated that there were 25 bills proposed that would have directly impacted CHEFA and/or its subsidiaries from the following 6 committees: Higher Education; Finance, Revenue, and Bonding; Banking; Government Administration and Elections; Human Services; and Aging. Mr. Giungi reported that last year only 12 pieces of legislation directly impacted CHEFA and/or its subsidiaries and were introduced in only 3 committees. This comparison highlights the recent advocacy efforts of CHEFA staff with legislators to successfully establish CHEFA as a reliable source of information.

Mr. Giungi reported on numerous bills in the current legislative session that impacted CHEFA and its subsidiaries. Mr. Giungi stated that staff worked diligently with legislators, agency personnel, and the Executive Branch to reduce the number of bills impacting CHEFA and its subsidiaries and to obtain passage of CHEFA proposed Senate Bill 1104. An overview was provided:

- Senate Bill 1104
 - *Impact:* (i) eliminates outdated and obsolete provisions in CHEFA's enabling statutes and (ii) expands the definition of project which will enable CHEFA to execute financing for its clients beyond brick-and-mortar projects.
- House Bill 5441
 - *Impact:* (i) establishes a student loan subsidy program for police officers in distressed municipalities and (ii) expands the language of the CHESLA ADTLS program to include paraprofessionals and counselors in alliance districts.
 - *Effective date:* January 1, 2024
- House Bill 6689

⁸ Ms. Kennison reported that she joined the hybrid meeting after the vote for the minutes of the May 17, 2023 meeting of the Board of Directors. Ms. Kennison stated that she has reviewed and approves of the meeting minutes

- *Impact:* establishes a loan subsidy program for mental healthcare professionals, nursing professionals, and EMS personnel.
- *Effective date:* July 1, 2023

Mr. Giungi also commented on the funding status for each House bill (i.e., HB 5441 and HB 6689), as well as the intent of staff to work with legislators going forward to combine the loan subsidy programs regarding police officers in distressed municipalities and healthcare professionals into a single program for administrative and operational purposes.

Mr. Lisi inquired about Senate Bill 1104, and a brief discussion ensued. Mr. Giungi confirmed that all bills presented passed in concurrence from the House and the Senate, and Senate Bill 1104 received strong bipartisan support.

Ms. Weldon thanked Mr. Giungi for his hard work during this legislative session.

Client Updates

Mr. Morris reported on the recent credit rating for University of Hartford. Mr. Morris stated that the University of Hartford was downgraded to BB+ with a negative outlook by S&P on June 9th. As a result, the University of Hartford was required to fund a debt service reserve fund (DSRF) of \$10.6 million which was accomplished yesterday from its unrestricted endowment. Mr. Morris cited S&P's reasons for the lower rating, including widening operating deficits, weakening liquidity position, and recent enrollment and demand pressure. Mr. Morris reported on the future plans and additional endowment draws for the University. Mr. Morris reported that the University is continuing to seek ways to improve operations and add new academic programs, which has contributed to a 15% increase over budgeted enrollment.

Mr. Morris reported on the remarketing of Yale University's 2017 bond series. Mr. Morris stated that the bond series was remarketed on June 6, 2023 and is expected to close on July 3, 2023.

Mr. Morris reported on the IRS audit request, received at the end of May 2023, for the Seabury 2016 bond issue. Mr. Morris stated that it appears to be a routine audit. Mr. Morris has provided initial documents to the IRS agent and is in the process of gathering the remainder of the documents from the CFO of the institution. Mr. Morris reported that the final due date to provide all information for the IRS audit is July 7, 2023.

Mr. Morris reported on the upcoming webinar hosted by CHEFA regarding post-issuance tax compliance. Mr. Morris stated that the webinar will be held on June 28th and that 98 people have already registered for the event.

The floor was opened to questions, and a brief discussion ensued regarding the selection of the issue for the IRS audit, acknowledging again that it appeared to be a random audit.

Financial Report

Ms. Mackewicz reported on the ten months ending on April 30, 2023. Ms. Mackewicz reported that the net operating income totaled \$3.2 million and non-operating expenses totaled \$1.6 million for a change in net position of \$1.6 million. Revenues remain under budget by \$89,000, and expenses remain under budget by \$199,000. Ms. Mackewicz stated that there were no notable events for the month of April.

Market Updates

Mr. Jandreau reported on the conditions of the municipal market, headlines relating to the Federal Reserve, and the latest movement in the federal funds rate.

Mr. Jandreau reported on the transaction report, which included the \$112.1 million transaction for Yale University. Mr. Jandreau stated that the transaction was pre-marketed with a fixed coupon of 3.25% to 3.30%, which attracted more than \$568 million in orders resulting in an oversubscription rate of approximately 5.1 times. Mr. Jandreau reported that the underwriters priced the transaction tighter at 3.20% due to this oversubscription. Mr. Jandreau stated that more than 25 institutions placed orders, including Fidelity, Nuveen, GSAM, and Vanguard, whom placed orders for \$50 million or more.

Mr. Elbaum recused himself from consideration of the Brunswick School Issue, Series E as his firm, Robinson+Cole, is involved in the transaction.

FINAL STAFF MEMO AND AUTHORIZING BOND RESOLUTION (2023-05)**Brunswick School Issue, Series E**

Mr. Jandreau stated that staff is seeking approval of up to \$30 million for the Brunswick School Issue, Series E Bonds contingent upon the following items:

- Satisfactory environmental compliance for the purchased property;
- Approval from the New York State Attorney General on the sale of the proposed property; and
- An updated rating from S&P, who has been asked to reserve their decision until after the environmental issues have been resolved and closer to the time of the marketing and sale of the bonds.

Mr. Jandreau stated that bond proceeds will be used by Brunswick School to purchase a 16.5-acre parcel that was previously Carmel Academy. Mr. Jandreau then provided an in-depth overview of the credit including, enrollment and matriculation levels, operating performance, liquidity, endowment, and fundraising efforts of Brunswick School.

Mr. Jandreau reported on some of the credit challenges for Brunswick School, such as the age of its infrastructure and increased debt service. However, Mr. Jandreau stated that these credit concerns are outweighed by the School's strong financial performance and reserves. Mr. Jandreau reported that the proposed financing for the land purchase aligns with Brunswick School's capital campaign and strategic plans, providing resources for necessary improvements and expansion. Mr. Jandreau reported that the proposed financing will also further enhance the School's ability to offer a high-quality education, address the evolving needs of its student body, and maintain a diverse community through continued financial aid support. Finally, Mr. Jandreau commented that approving this financing decision will contribute to Brunswick School's continued success and long-term sustainability in the highly competitive private-school landscape of southwestern Connecticut.

Mr. Lisi requested a motion for approval up to \$30 million for the Brunswick School Issue, Series E (Authorizing Resolution #2023-05). Ms. Martin moved for approval and Mr. Angelini seconded the motion.

Ms. Lisi thanked Mr. Jandreau for providing the information regarding endowment per student, as was requested in the previous Board meeting.

Mr. Lisi commented on a typo in the memo under the Use of Bond Proceeds section. The first sentence should read:

“New money proceeds from the Series E bonds of up to \$30 million will be used to finance the acquisition of *16.5-parcel of land*, which closed in 2020.”

The floor was opened to questions, and a brief discussion ensued regarding the purpose of the land.

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

AYES

Michael Angelini
Kimberly Kennison
Peter W. Lisi
Susan Martin
Sarah Sanders
Mark Varholak

NAYS

None

ABSTENTIONS

None

RECUSALS

Steven L. Elbaum

COMMITTEE REPORT**Audit-Finance Committee**

Ms. Martin stated that the Audit-Finance Committee met earlier today to review the internal audit reports from BerryDunn as well as a presentation of the FY 2024 proposed operating and capital budgets from Ms. Mackewicz.

Ms. Martin provided a brief overview of the results and recommendations of the internal audit reports.

Ms. Martin then reported on the FY 2024 proposed operating budget, which included revenues of approximately \$7.8 million and expenses of approximately \$4.7 million. Ms. Martin reported that salaries and benefits were the biggest expense totaling \$3.4 million, and other large areas of expense include contractual services, maintenance, and IT. Ms. Martin reported that the change in net position for FY 2024 is approximately \$806,000. Finally, Ms. Martin commented on the FY 2024 proposed capital budget totaling approximately \$125,000, which included \$100,000 of allocations for the office relocation.

The floor was opened to questions and a brief discussion ensued regarding the change in net position.

Mr. Lisi requested a motion for the acceptance of the Audit-Finance Committee recommendation and adoption of FY 2024 operating and capital budgets. Mr. Varholak moved for approval and Mr. Elbaum seconded the motion.

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

AYES

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

NAYS

None

ABSTENTIONS

None

Human Resources Committee

Mr. Lisi requested a motion to go into Executive Session at 2:08 p.m. to discuss the performance evaluation of the Executive Director. Mr. Elbaum moved to go into Executive Session and Ms. Martin seconded the motion.

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

AYES

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

NAYS

None

ABSTENTIONS

None

At 2:08 p.m., all Staff members and meeting attendees left the hybrid meeting so that only board members were present for the Executive Session.

All Staff and meeting attendees returned to the hybrid meeting at 2:45 p.m. No votes were taken during Executive Session.

Mr. Lisi requested a motion to approve the Human Resources Committee recommendation for a merit increase for the Executive Director effective July 1, 2023 and approval of a one-time inflation relief payment as was given to CHEFA staff. Ms. Martin moved for approval and Mr. Angelini seconded the motion.

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

AYES

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

NAYS

None

ABSTENTIONS

Kimberly Kennison

REAPPOINTMENT OF MARTIN L. BUDD TO CHESLA BOARD: AUTHORIZING RESOLUTION (2023-06)

Ms. Aguilera reported that the CHEFA Board appoints the members of the CHESLA Board, and Mr. Martin L. Budd’s appointment expires on July 1, 2023. Therefore, for the Board’s consideration is a resolution for the reappointment of Mr. Budd to the CHESLA Board of Directors for a period of six years.

Mr. Lisi requested a motion to approve the reappointment of Mr. Martin L. Budd to the CHESLA Board of Directors (Authorizing Resolution #2023-06). Mr. Lisi moved for approval and Mr. Elbaum seconded the motion.

Mr. Lisi commented that he and Mr. Budd had a conversation earlier regarding the reappointment and that Mr. Budd consented.

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

AYES

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

NAYS

None

ABSTENTIONS

None

ADJOURNMENT

There being no further business, Mr. Angelini moved to adjourn the hybrid meeting and Mr. Lisi seconded the motion.

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

AYES

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

NAYS

None

ABSTENTIONS

None

The hybrid meeting adjourned at 2:48 p.m.

Respectfully submitted,



Jeanette W. Weldon
Executive Director