

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Special Minutes of Authority Board Meeting
November 8, 2023

The State of Connecticut Health and Educational Facilities Authority held a special meeting via videoconference and in-person on Wednesday, November 8, 2023.

The special hybrid meeting was called to order at 2:33 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
Lawrence Davis
Steven L. Elbaum¹
Kimberly Kennison (*Designee for Jeffrey Beckham, OPM Secretary*)²
Susan Martin
Alan Mattamana³
Sarah Sanders (*Designee for CT State Treasurer Erick Russell*)⁴
Mark Varholak⁵

ALSO, PRESENT: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel
Charles Bodie, Managing Director of Finance and Operations
Rob Blake, Manager of Information Technology & Cybersecurity⁶
Dan Giungi, Government Relations & Communications Specialist
Rebecca Hrdlicka, Administrative Services Assistant
Robert Jandreau, Sr. Finance Associate
Krista Johnson, Compliance Specialist
Dan Kurowski, Manager of Program Development & CHEFA CDC
Andrew Kwashnak, Senior Systems & Data Analyst⁷
Carlee Levin, Senior Accountant⁸
JoAnne N. Mackewicz, Controller
Michael F. Morris, Managing Director, Client Services
Marlene Pagan, Transaction Analyst⁹
Dave Pantaleo, Senior Systems & Data Analyst
Julia Pollano, Operations Reporting Analyst¹⁰
Betty Sugerman Weintraub, Manager of Grant Programs & Philanthropic¹¹
Outreach of Connecticut Health and Educational Facilities Authority

¹ Steven L. Elbaum participated in the meeting via teleconference that permitted all parties to hear each other.

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

³ Alan Mattamana participated in the meeting via teleconference that permitted all parties to hear each other.

⁴ Sarah Sanders participated in the meeting via teleconference that permitted all parties to hear each other.

⁵ Mark Varholak participated in the meeting via teleconference that permitted all parties to hear each other.

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

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

⁸ Carlee Levin participated in the meeting via teleconference that permitted all parties to hear each other.

⁹ Marlene Pagan participated in the meeting via teleconference that permitted all parties to hear each other.

¹⁰ Julia Pollano participated in the meeting via teleconference that permitted all parties to hear each other.

¹¹ Betty Sugerman Weintraub participated in the meeting via teleconference that permitted all parties to hear each other.

INVITED GUESTS: Sarah Clark, Director of Education and Communications, Office of State Ethics
Peter Lewandowski, Executive Director, Office of State Ethics

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the minutes of the October 18, 2023 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
Steven L. Elbaum
Peter W. Lisi
Susan Martin
Alan Mattamana
Sarah Sanders

NAYS

None

ABSTENTIONS

Kimberly Kennison¹²
Mark Varholak¹³

ETHICS TRAINING

Mr. Peter Lewandowski, Executive Director at the Office of State Ethics, and Ms. Sarah R. Clark, Director of Education and Communications at the Office of State Ethics, provided ethics training in accordance with the requirements of the Authority's Ethics Statement and Policies. The floor was opened to questions and a discussion ensued. Ms. Clark encouraged Board members to contact the Office of State Ethics if they had any additional questions.

Mr. Lisi thanked Mr. Lewandowski and Ms. Clark for their time. Mr. Lewandowski and Ms. Clark left the hybrid meeting at 3:01 p.m.

EXECUTIVE DIRECTOR'S REPORT**Authority Updates**

Ms. Weldon reported that the lease with the Gold Building has been fully executed with an occupancy date of February 1, 2024. Ms. Weldon also reported on the negotiations with the current lease at 10 Columbus Boulevard and stated that there will be no additional charges for the holdover period.

Ms. Weldon reported on the groundbreaking ceremony at American School for the Deaf, which was attended by Mr. Morris, Mr. Giungi, Mr. Lisi, and herself. Ms. Weldon stated that the project was funded by CHEFA bonds in the amount of \$15 million to construct two new dormitories with specialized equipment for special needs students. Ms. Weldon reported that coverage of the event and CHEFA's involvement was published in the Hartford Courant.

Ms. Weldon reported on the Op-Ed article published in the Connecticut Post regarding a research brief that was released by CHESLA's trade association. Ms. Weldon stated that Mr. Giungi developed the Op-Ed article to highlight CHESLA programs and the support for student financial aid that CHESLA offers.

¹² Ms. Kennison abstained from voting as she did not attend the Board of Directors Meeting held on October 18, 2023.

¹³ Mr. Varholak abstained from voting as she did not attend the Board of Directors Meeting held on October 18, 2023.

Client Updates

Mr. Morris reported on the financial forecast for upcoming transactions. Mr. Morris stated that the CT Proton Therapy Center is seeking up to \$30 million and details will be presented later today. Mr. Morris stated that Hamden Hall will be seeking up to \$5 million for renovations to its lower school. Mr. Morris reported that Greenwich Boys & Girls Club is still awaiting the selection of the bank for its \$15 million proposed renovation project. Finally, Mr. Morris presented on the upcoming Hartford Healthcare proposed financing of up to \$150 million as a private placement with Morgan Stanley. Mr. Morris reported that \$100 million of the proposed funds is for equipment financing at its seven acute care facilities, and approximately \$33 million of the proposed funds is for its investment in the Proton Therapy Center. Mr. Morris stated that the closing of the private placement for Hartford Healthcare must occur prior to the closing of the CT Proton Therapy Center.

Mr. Morris stated that the private placement offering for Hotchkiss School closed last week at \$55 million. Mr. Morris also reported that LiveWell Alliance will close its ninth advancement for \$6 million tomorrow, increasing the total amount drawn to \$55.4 million out of the authorized \$81.6 million.

Mr. Morris then provided updates on the non-compliance issues, focusing on Terryville Plymouth Daycare Center and Connecticut State University System.

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 includes a transaction from the University of Connecticut comprising of student revenue bonds. Mr. Jandreau stated that the proceeds from the transaction will support the construction of a new residence hall and dining hall.

Financial Report

Ms. Mackewicz reported on the first quarter of fiscal year 2024 ending on September 30, 2023. Ms. Mackewicz reported that operating revenues exceed operating expenses by \$861,000, with a net operating income of \$189,000 and a change in net position of \$1,049,000. Revenues have decreased in a year-to-year comparison by \$58,000, which is directly correlated to a decrease in anticipated bond closings within the first fiscal quarter. Ms. Mackewicz noted that administrative fees were accrued in the first quarter, as calculated per the approved budget, to be adjusted for the December quarter within line with the December 20th billing. Ms. Mackewicz stated that expenses increased by \$116,000 year-over-year mainly due to the 3% COLA salary adjustment and associated taxes disbursed to staff in July, which totaled \$76,000. Ms. Mackewicz also reported that non-operating income increased by \$129,000 year-over-year due to favorable interest rates.

Ms. Mackewicz reported on notable items on the balance sheet, which included an overview of the current and noncurrent assets, current and noncurrent liabilities, and items in the unrestricted reserve fund.

PRELIMINARY STAFF MEMO**Connecticut Proton Therapy Center Issue, Series 2024**

Mr. Kurowski presented the preliminary financing overview for the Connecticut Proton Therapy, LLC transaction. Mr. Kurowski reported that the borrower will be seeking to issue approximately \$30 million of fixed rate, non-rated bonds to finance the construction, equipping, and development of the Connecticut Proton Therapy Center. Mr. Kurowski reported that the bond transaction will consist of two series: a \$25 million tax-exempt, senior bond and a \$5 million taxable, subordinate bond. Mr.

Kurowski also reported that Loop Capital Markets will act as the Underwriter for the proposed transaction and will market the bonds as a limited public offering.

Mr. Kurowski reported that the borrower will be Connecticut Proton Therapy Center, LLC, which is a joint venture among Hartford Healthcare, Yale New Haven Health and Proton International Care Foundation – a Connecticut 501(c)(3) subsidiary of Proton International. Mr. Kurowski stated that the borrower intends to use the bond proceeds to finance a portion of the construction of a new \$75 million proton therapy center in Wallingford, CT. The proceeds will also be used to finance working capital during the facilities start-up phase and finance capitalized interest and a debt service reserve fund.

Mr. Kurowski reported that Hartford Healthcare and Yale New Haven Health are expected to contribute approximately \$33 million each as loans to Connecticut Proton Therapy Center, LLC and will be subordinate to the tax-exempt senior bonds. The financing sources of the loans have not been determined, but Mr. Kurowski reported that Yale New Haven Health is expected to use existing resources while Hartford Healthcare is expected to issue bonds through CHEFA.

The structure of the transaction has also not been finalized, but Mr. Kurowski reported that the bonds issued will be fixed rate, issued in minimum denominations of \$100,000 and sold only to qualified institutional buyers. Mr. Kurowski also stated that the bonds will not be rated by any of the rating agencies. Mr. Kurowski reported that security for the bonds is expected to include a gross operating revenue pledge of the Connecticut Proton Therapy Center LLC, a mortgage of land, building and equipment, and a debt service reserve fund.

Mr. Kurowski reported that final approval for the proposed financing will be presented at the Board meeting scheduled for January 2024 upon the completion and review of the feasibility study.

The floor was opened to questions, and a brief discussion ensued regarding patient demand, the status of the feasibility study, and the structure of a limited public offering.

FINAL STAFF MEMOS AND AUTHORIZING BOND RESOLUTIONS

Greens Farms Academy Issue, Series A (Authorizing Resolution #2023-14)

Mr. Jandreau reported that Greens Farms Academy is seeking approval of up to \$30 million via a direct purchase with TD Bank only, which is a change from what was previously presented. Mr. Jandreau reported on the time and cost savings for Greens Farms Academy in choosing to not pursue a public offering. Mr. Jandreau also reported that the credit analysis of the Institution has been removed, since the transaction is a private placement.

Mr. Jandreau responded to an inquiry from last month's Board meeting regarding capital campaigns, stating that a previous capital campaign for Greens Farms Academy occurred in 2012-2016 and raised approximately \$18 million to finance the construction of a new performing arts center, the endowment, and minor renovations to their athletic facilities. Mr. Jandreau stated that the \$18 million campaign was one of the largest in Academy history.

Mr. Jandreau reported on the use of proceeds and structure for the proposed transaction. Mr. Jandreau stated that the use of proceeds remains unchanged from what was previously presented, but that the structure includes a 20-year final maturity, 1.3x minimum debt service coverage ratio (DSCR), and 0.9x liquidity ratio.

Mr. Lisi requested a motion for approval up to \$30 million for Greens Farms Academy Issue, Series A (Authorizing Resolution #2023-14). Mr. Elbaum moved for approval and Mr. Davis seconded the motion.

Mr. Lisi inquired about the decreasing revenue due to the summer programs, and a brief 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		
Kimberly Kennison		
Peter W. Lisi		
Susan Martin		
Alan Mattamana		
Sarah Sanders		
Mark Varholak		

Loomis Chaffee School Issue, Series L (Authorizing Resolution #2023-15)

Mr. Jandreau reported that Loomis Chaffee School is seeking approval of up to \$25 million via a fixed rate unenhanced bond issuance. Mr. Jandreau reported that the transaction now includes a restructuring of the School’s K-1 and K-2 bond series, which will result in the proper release of the current mortgage of the Series K bonds, terminate its master indenture, and make the legal framework and process more efficient and cost effective for future financings. Mr. Jandreau reported that the refinancing of the Series K bonds will be done in conjunction with the defeasement of the Series F bonds which will be funded with School equity.

Staff’s recommendation for approval of the proposed financing is based upon the School’s ability to meet its current and future levels of debt service obligation while not increasing its overall amount of debt outstanding, its continued ability to generate strong levels of student demand, its ability to generate consistent levels of strong fundraising efforts, and its strong underlying credit rating of “A1” by Moody’s. Mr. Jandreau reported that an updated credit rating by Moody’s is still outstanding, but staff does not anticipate any changes to the credit rating.

Mr. Lisi requested a motion for approval up to \$25 million for Loomis Chaffee School Issue, Series L (Authorizing Resolution #2023-15). Mr. Angelini moved for approval and Mr. Lisi seconded the motion.

Mr. Lisi inquired about the endowment holdings, and a brief 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		
Kimberly Kennison		
Peter W. Lisi		
Susan Martin		
Alan Mattamana		

Sarah Sanders
Mark Varholak

COMMITTEE REPORTS

Special Audit-Finance Committee

Ms. Martin reported that the Audit-Finance Committee met earlier today to review the internal audit reports from BerryDunn as well as receive various Information Technology updates regarding disaster recovery as a service (DRaaS), threat and vulnerability management, legacy operating systems, information security policy, and the Autocene client portal.

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

For the Information Technology updates, Ms. Martin reported that a change to the capital budget is expected due to a new proposal with Autocene, but that these changes will be covered by the decrease in actual funds needed for the office move.

Ms. Martin and Mr. Varholak recused themselves from discussion and vote regarding grant applications as their employers, Middlesex Health and Quinnipiac University, respectively, submitted an application for review. Mr. Varholak left the hybrid meeting at 3:38 p.m.

Special Grant Committee

Mr. Davis reported that the Grant Committee met earlier today to review and recommend applications for awards to the full Board of Directors for the FY 2024 Client Grant Program. The Committee recommends the applications submitted by the following organizations for awarding:

- Asnuntuck Community College: \$61,825
- Capital Community College: \$73,396
- Central Connecticut State University: \$64,071
- Connecticut College: \$14,000
- Danbury Hospital: \$75,000
- Gateway Community College: \$20,000
- Griffin Hospital: \$75,000
- Hartford Hospital: \$75,000
- LiveWell Alliance, Inc.: \$75,000
- LULAC Head Start, Inc.: \$44,390
- New Opportunities, Inc.: \$75,000
- Saint Francis Hospital and Medical Center: \$75,000
- Stamford Hospital: \$75,000
- Thames Valley Council for Community Action, Inc.: \$75,000
- University of New Haven, Inc.: \$45,080
- Wesleyan University: \$75,000

Mr. Davis stated that the recommended awards totaled \$997,762 out of the \$1,001,636 available funds. Mr. Davis recommended that the remaining \$3,874 allocated funds be transferred to the FY 2024 Nonprofit Grant Program.

Mr. Davis also presented the proposal to continue to dedicate \$100,000 of funding to be awarded to the cultural sector, making it a permanent allocation (subject to funding availability), starting with the FY 2024 Nonprofit cycle.

Mr. Lisi requested a motion for acceptance of the Grant Committee's recommendation of (i) the 16 organizations to be awarded for the CHEFA FY 2024 Client Grant Program as listed by Mr. Davis, (ii) for the remaining \$3,874 allocated funds to be transferred to the FY 2024 Nonprofit Grant Program, and (iii) for the \$100,000 allocation of funds for cultural applications within the Nonprofit Grant Cycle. Mr. Lisi 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	Susan Martin
Lawrence Davis			Mark Varholak
Steven L. Elbaum			
Kimberly Kennison			
Peter W. Lisi			
Alan Mattamana			
Sarah Sanders			

Mr. Varholak returned to the hybrid meeting at 3:45 p.m.

Ms. Weintraub reported on the updates to the Enterprise Capital initiative. Ms. Weintraub stated that the FY 2024 Targeted grant cycle funds will be utilized to seed the proposed Enterprise Capital Initiative, which focuses on an organization's sustainability and growth over a period of years. Ms. Weintraub reported that two organizations, All Our Kin and Freedom Reads, were selected as candidates for the Enterprise Capital Initiative. Ms. Weintraub also reported on the partnership with Ms. Andrea Levere and Ms. Alexandra Sing, who comprise the Enterprise Capital Institute. Contracts are being finalized to utilize the Enterprise Capital Institute as a consultant. Ms. Weintraub stated that materials will be provided to Board members prior to the scheduled site visits of the selected organizations (i.e., All our Kin and Freedom Reads) scheduled on January 4, 2024.

PROPOSED CY 2024 MEETING SCHEDULE

Mr. Lisi requested a motion to accept the CY 2024 Meeting Schedule. Mr. Angelini moved for approval and Ms. Martin 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		
Kimberly Kennison		
Peter W. Lisi		
Susan Martin		
Alan Mattamana		
Sarah Sanders		
Mark Varholak		

OTHER BUSINESS

Mr. Lisi noted that the next Board meeting is scheduled for December 14, 2023 at 10:00 a.m. and not on January 17, 2024 as stated in the meeting agenda. The meeting on December 14th will be held solely via electronic equipment.

ADJOURNMENT

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

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

AYES

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

NAYS

None

ABSTENTIONS

None

The special hybrid meeting adjourned at 3:50 p.m.

Respectfully submitted,



Jeanette W. Weldon
Executive Director