

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY

Minutes of Authority Board Meeting – November 15, 2011

The State of Connecticut Health and Educational Facilities Authority met at 1:00 p.m. on Tuesday, November 15, 2011.

The meeting was called to order at 1:02 p.m. by Barbara Rubin, Chair of the Board of Directors of the Authority. Those present were as follows:

PRESENT:           John Biancamano  
                  Benson Cohn  
                  Patrick Colangelo, Vice Chair  
                  Robert Dakers (Rep. Ben Barnes)  
                  Peter Lisi  
                  Dr. Estela Lopez<sup>1</sup>  
                  Paul Mutone  
                  Bryan Pollard, Esq.  
                  Barbara Rubin, Chair

ABSENT:           Sarah Sanders (Rep. Honorable Denise Nappier)

ALSO PRESENT:   Jeffrey A. Asher, Executive Director  
                  Kimberley Fontaine, Grants and Marketing Programs Coordinator  
                  Paula Herman, General Counsel  
                  Tara Keating, Project Coordinator  
                  Eileen MacDonald, Senior Transaction Specialist  
                  JoAnne Mackewicz, Controller  
                  Michael Morris, Assistant Director  
                  Cynthia Peoples, Assistant Director  
                  Debra Pinney, Manager of Administrative Services  
                  Norberto Ramirez, Compliance/Internal Auditor  
                  Jennifer Smyth, Legal Services Specialist  
                  Kate Thiede, Compliance Analyst  
                  David Wasch, Legislative Liaison/ECE Program Specialist  
                  Jeanette Weldon, Managing Director  
                  of the Connecticut Health and Educational Facilities Authority

GUESTS:           Jeremy Bass, Consultant, Public Financial Management  
                  Coleman Casey, Esq., Shipman & Goodwin, LLP  
                  Richard Lopatin, Vice President, Acacia Financial Group  
                  Marie Phelan, Esq., Pullman & Comley, LLC  
                  Edward Samorajczyk, Esq., Robinson & Cole, LLP  
                  Namita Shah, Esq., Day Pitney, LLP

Tiffany Stevens, Esq., McCarter & English, LLP  
 Eric Taylor, Esq., Harris Beach PLLC  
 Christopher Valentino, VP, Lamont Financial Services Corp.  
 John Yarbrough, Esq., Carmody & Torrance, LLP

## **MINUTES**

Ms. Rubin requested a motion for approval of the draft minutes of the October 18, 2011 Board of Directors meeting. Mr. Cohn moved for approval of the minutes, which was seconded by Dr. Lopez.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

### **AYES**

John Biancamano  
 Benson Cohn  
 Pat Colangelo  
 Robert Dakers  
 Peter Lisi  
 Paul Mutone  
 Bryan Pollard  
 Barbara Rubin

### **NAYS**

None

### **ABSTENTIONS**

Dr. Estela Lopez<sup>1</sup>

## **THE CONNECTICUT NON-PROFIT STRATEGY PLATFORM**

David Garvey from the University of Connecticut presented on the Connecticut Non-Profit Strategy Platform. This Platform was made possible by a grant from the Connecticut Health and Educational Facilities Authority to fund the Connecticut Data Project of the Connecticut Data Collaborative, an open affiliation of individuals and organizations (both public and private) whose mission is to advance the use of data and information for public policy, strategic planning, programs and service improvement. The Collaborative’s goal is to support public accountability at the state, regional and local community levels. The Connecticut Nonprofit Strategy Platform is an open resource to assist nonprofits, elected officials and public policy makers, philanthropic

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<sup>1</sup> Dr. Lopez abstained as she was not present at the October 18, 2011 Board of Directors meeting.

fundes and all Connecticut citizens.

### **ANNUAL ETHICS TRAINING**

Ms. Herman reminded the Board of Directors that they are considered Public Officials, as defined in the State Statutes, and, as such, are subject to the Code of Ethics for Public Officials and State Employees, a copy of which was provided to each Board member. Board members are also governed by certain requirements of the CHEFA Ethics Statement and Policies. Ms. Herman reminded the Board members that they are subject to the restrictions of the gift policy of the State Code of Ethics, but are not subject to the restrictions of the gift policy set forth in the CHEFA Ethics Statement (which gift policy applies only to CHEFA employees.) Ms. Herman reminded the Board that the fundamental purpose of the State Code of Ethics is to prevent individuals from using public position or authority for personal financial benefit. The Board was encouraged to call the Authority's Ethics Liaison, Paula Herman or Executive Director, Jeffrey Asher, with any questions concerning the gift policy or any other question arising under the State Code of Ethics or CHEFA Ethics Statement.

Pursuant to the State Code of Ethics, Board members are required to file an annual statement of financial interest, which is due to the Office of State Ethics by May 1<sup>st</sup> of each year.

Ms. Herman reminded the Board members that they are prohibited by the CHEFA Ethics Statement and Policies from owning any CHEFA bonds directly. Board members and Staff are permitted to invest in a tax-exempt mutual fund that may hold CHEFA bonds, but may not invest directly in CHEFA bonds.

Ms. Herman reported that there are Whistleblower provisions in place that are outlined in the CHEFA Ethics Statement. This process is anonymous and available for use by Board members or Staff or anyone else who believes that a violation has occurred.

Ms. Herman reviewed the provision of the CHEFA Enabling Statute that discusses what constitutes a conflict of interest by a Board member. She reminded Board members that they are obligated to abstain from deliberation, action or vote with respect to any matter involving a CHEFA borrower with which they are associated.

Ms. Herman added that the State Code of Ethics also applies to a Board member's spouse and dependent children residing in the same home.

### **SEMI-ANNUAL COMPLIANCE REPORT**

Ms. Thiede, the Authority's Compliance Analyst, provided a semi-annual update on borrower compliance reporting results. She reported that borrower compliance with their reporting obligations continued to show substantial improvement.

### **CHILD CARE FACILITY LOAN FUND UNDERWRITING GUIDELINES**

David Wasch reported on the proposed Underwriting Guidelines for the Child Care Facility Loan Fund (CCFLF). The CCFLF was created through Public Act 97-259, as a component of the School Readiness Program. CHEFA issued an RFQ for Guaranteed Loan Program lenders in August 2011, and is currently negotiating with the Local Initiative Support Corporation (LISC) to act as loan originator and servicer for the program. The Connecticut Community Investment Corporation (CTCIC) continues to manage the Small Direct Loan Program. The revisions to the guidelines primarily reflect the dissolution of the Loan Fund Board, and the anticipated

participation of LISC. The structure of the Guidelines was modified so that each program has a separate section within the document. Various other changes were made to reflect CHEFA's current underwriting practice, or to improve clarity. A summary of significant changes was provided to each Board member prior to the meeting.

Further discussion ensued.

Mr. Cohn moved to approve the revision to the Child Care Facility Loan Fund Underwriting Guidelines. His motion was seconded by Mr. Colangelo.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

**AYES**

John Biancamano  
Benson Cohn  
Pat Colangelo  
Robert Dakers  
Peter Lisi  
Dr. Estela Lopez  
Paul Mutone  
Bryan Pollard  
Barbara Rubin

**NAYS**

None

**ABSTENTIONS**

None

**SALES REPORT**

**Western Connecticut Health Network Issue, Series N**

Richard Lopatin of Acacia Financial Group, Inc. presented a sales report on the Western Connecticut Health Network Issue, Series N transaction.

**CURRENT AND PENDING BOND ISSUES**

**Financing Forecast**

Ms. MacDonald reported that there is one new issue, Winston Preparatory School Issue, Series A which will be presented today.

### **Summary of Financings**

There were no closings after the October 2011 Board meeting. Staff is currently working with Bushnell Memorial Hall on the possible refinancing of their Series A issue.

There is one upcoming closing, Western Connecticut Health Network Issue, Series N, which is scheduled to close in November 22, 2011.

### **Interest Rate and Market Update**

Ms. Peoples reported recent market activity, economic indices and yield curve trends.

### **Municipal Market Activity**

Ms. Weldon presented the report on municipal market activity.

### **PRELIMINARY STAFF MEMOS:**

None

### **FINAL STAFF MEMOS**

#### **Rectory School Issue, Series B**

Mr. Morris reported on the Rectory School Issue, Series B. At the October 18, 2011 Board of Directors meeting, the Board approved the issuance of the Rectory School Issue, Series B as a direct placement with TD Bank, NA, as the initial purchaser.

Since the approval, the School and TD Bank have failed to come to terms on certain open issues.

The School is still in negotiations with TD Bank; however, the School believes that these matters

may not be resolved and is currently working with Citizens Bank to replace TD Bank. The School has requested that it have the latitude to select an alternative purchaser, if terms cannot be reached with TD Bank.

Citizens Bank provided the School with a preliminary term sheet. The financing structure, financial covenants, and security requirements are similar to the proposal originally received from TD Bank. However, Citizens Bank may propose a negative pledge instead of a mortgage.

Because the Authority's Authorizing Resolution approved in October specifically stated TD Bank as the initial purchaser, Bond Counsel and Staff believe that a new Authorizing Resolution needs to be adopted, which provides for the flexibility of the School to select an alternative purchaser.

Ms. Rubin inquired about the credit concern involved. Mr. Morris stated there is no current credit concern that would affect the Authority. The issues between the School and TD Bank consisted of a few items that were originally negotiated and what was ultimately required by TD Bank. In addition, there were environmental issues presented in the Bank's Phase I report that had previously been addressed and completed by the School, but the Bank was insisting that a Phase II report be completed, which would be very costly to the School. Mr. Morris reiterated the fact that the Authority is acting as a conduit issuer and that the credit risk will be that of the Bank.

Ms. Rubin introduced Resolution #2011-19, Rectory School Issue, Series B Authorizing, which resolution was included in the materials distributed to the Board. Mr. Colangelo moved for adoption of Resolution #2011-19, which was seconded by Dr. Lopez.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

**AYES**

John Biancamano  
 Benson Cohn  
 Pat Colangelo  
 Robert Dakers  
 Peter Lisi  
 Dr. Estela Lopez  
 Paul Mutone  
 Bryan Pollard  
 Barbara Rubin

**NAYS**

None

**ABSTENTIONS**

None

**Winston Preparatory School Issue, Series A**

Mr. Morris recommended approval of up to \$14.5 million for The Winston Preparatory School Issue, Series A which will be a direct placement with Citizens Bank. The School has elected a ten year maturity with the interest rate equal to 68% of One Month Libor plus a spread of 2.35%. The Bank will allow interest only payments for the first 30 months during construction. The School will be required to enter into an interest rate swap for 10 years. The security will be a gross receipts pledge and a mortgage.

The School was founded in 1981 to provide an academic program for students with learning disabilities in grades 6-12. The School currently operates two campuses; one in Manhattan (with approximately 200 students) and one in Norwalk, CT (with approximately 90 students). The Norwalk campus was opened in March 2007.

The proceeds from the issue will be used to refinance an outstanding acquisition loan which financed the purchase of 9 acres (the lower campus) of the Norwalk property; refinance \$850,000 for the purchase of an adjacent property to the Norwalk campus, which will be the School’s upper campus; and finance approximately \$8.9 million for renovations and

improvements to both the upper and lower campuses in Norwalk. The School is expected to provide a \$1.5 million equity contribution towards the project.

Further discussion ensued.

Ms. Rubin introduced Resolution #2011-20, Winston Preparatory School Issue, Series A Authorizing, which resolution was included in the materials distributed to the Board. Mr. Pollard moved for adoption of Resolution #2011-20, which was seconded by Mr. Mutone.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
John Biancamano	None	None
Benson Cohn		
Pat Colangelo		
Robert Dakers		
Peter Lisi		
Dr. Estela Lopez		
Paul Mutone		
Bryan Pollard		
Barbara Rubin		

## **CHEFA FINANCIAL OPERATIONS**

### **September and October 2011 Financial Statements**

Ms. Mackewicz reported that for the four months ending October 31, 2011, revenues exceeded expenses by approximately \$1.1 million before and after program related expenses. Revenues were over budget by approximately \$12,000 and expenses were under budget by approximately \$38,000. There were no notable items for September or October 2011.

**COMMITTEE REPORT****Grant Committee Report**

Mr. Lisi reported that the Grant Committee met prior to the Board meeting. The Committee reviewed and approved the 2012 Client Grant Program Funding recommendations of the Staff internal review committee, with one modification. There were 42 applicants and fourteen grants proposed to be awarded. Recommendation was made by the Grant Committee that the Staff internal review committee recommendation be modified to replace Quinnipiac University's ranking with New Horizon's ranking. The Committee vote was unanimous. The total amount of the proposed funding would be \$1,003,577. The Committee agreed to go slightly (\$3,577) over budget. The applicants will be notified on November 16, 2011 and the funds will be available on January 3, 2012.

The Nonprofit Grant Program's Letter of Interest deadline is Friday, November 18, 2011, which was extended because of the power outage from the recent snow storm. Clients who are members of an Obligated Group under a bond issue will not be eligible.

There being no further discussion, Ms. Rubin requested a motion to accept and ratify the list of 2012 Client Grant Program awards with the modification to replace Quinnipiac University's ranking with New Horizon's ranking with a total amount of funding for \$1,003,577. Dr. Lopez moved the motion, which was seconded by Mr. Colangelo.

Upon roll call, the “Ayes,” “Nays” and “Abstentions” were as follows:

**AYES**

Benson Cohn  
Pat Colangelo  
Peter Lisi  
Dr. Estela Lopez  
Paul Mutone  
Bryan Pollard

**NAYS**

None

**ABSTENTIONS**

John Biancamano<sup>2</sup>  
Robert Dakers<sup>3</sup>  
Barbara Rubin<sup>4</sup>

**EXECUTIVE DIRECTOR’S REPORT**

Mr. Asher reported that he and David Wasch approached OPM and the Governor’s Director of Policy to discuss childcare financing, financial models for use in evaluating the cost of early childhood education and alternative financing options. In addition, the topic of public school financing and community college project financing arose. The Director of Policy showed interest in the possibility of alternative public school financing, which is similar to what the Authority does currently for childcare. The Authority will be contacting the Board of Regents to further discuss.

Included in the Board mailing was an economic impact analysis of the Authority’s recent activity. The Authority is not an economic development agency, but there is economic impact in Connecticut due to the funding CHEFA has offered. Since 2006 the Authority has funded approximately \$3.2 billion in construction within Connecticut. Using standard industry multiplier factors, the analysis calculated the \$3.2 billion in construction funding as a direct impact to the

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<sup>2</sup> Mr. Biancamano abstained from the vote due to a conflict of interest with University of Connecticut Foundation.

<sup>3</sup> Mr. Dakers abstained from the vote due to a conflict of interest with the University of Connecticut Foundation.

<sup>4</sup> Ms. Rubin abstained from the vote due to a conflict of interest with Hartford Hospital.

State of \$6.2 billion of economic output, \$3.3 billion of local GDP, 44,244 jobs sustained or added leading to \$2 billion of increased worker earnings. The number of jobs created through the Authority's construction financing, including both temporary and sustained, was estimated to be approximately 44,000 jobs.

**OTHER BUSINESS**

Ms. Rubin noted that in 2012, the Board of Directors meetings will be held on Wednesdays, and congratulated all Staff and Consultants on a successful 2011 and wished all a healthy and happy holiday season.

There being no further business, at 1:24 p.m., Mr. Lisi moved to adjourn and Mr. Pollard seconded his motion.

Upon roll call, the "Ayes," "Nays" and "Abstentions" were as follows:

**AYES**

Ben Cohn  
Pat Colangelo  
Robert Dakers  
Peter Lisi  
Paul Mutone  
Bryan Pollard  
Barbara Rubin

**NAYS**

None

**ABSTENTIONS**

None

Respectfully submitted,

Jeffrey A. Asher  
Executive Director

**CHEFA  
FY 2012 Client Grant Awards**

	<b>Entity</b>	<b>EntityType</b>	<b>Funding Type</b>	<b>Amount Requested</b>	<b>Cumulative Awards</b>	<b>Use of Funds</b>
1	Hartford Hospital	Health	Capital	\$75,000	\$75,000	Simbionex Lap Mentor to augment current simulation laboratory training center to include laparoscopic technology for physician and student training.
2	Wesleyan University	Higher Ed	Program	\$75,000	\$150,000	Green Streets Arts Center's After School Arts and Sciences Program support.
3	Community Renewal Team	Community Organization	Capital	\$64,995	\$214,995	Replacement of heated and refrigerated food truck to provide meals through their Senior Café and Meals on Wheels programs.
4	Sacred Heart University	Higher Ed	Program	\$75,000	\$289,995	Purchase of SimMan 3G to augment current simulation lab and improve clinical reasoning skills of nursing students.
5	University of Connecticut Foundation, Inc.	Higher Ed	Program	\$45,000	\$334,995	Support for Urban Service Track and Migrant Farm Worker Clinic mobile health program at farm sites across Connecticut.
6	Hebrew Healthcare	Health	Capital	\$75,000	\$409,995	No-Lift program to improve quality and safety of transfers for patients and nursing staff to reduce patient falls and worker's compensation claims, and increase staff morale.
7	Hospital of Saint Raphael	Health	Program	\$75,000	\$484,995	Development of post-discharge resource and support center to provide ongoing support for breastfeeding exclusively for at least the first 6 months postpartum.
8	Masonicare	Health	Capital	\$75,000	\$559,995	Electronic Medical Administration Record system purchase and implementation to increase medication delivery efficiency and reduce medical errors.

**CHEFA**  
**FY 2012 Client Grant Awards**

	Entity	EntityType	Funding Type	Amount Requested	Cumulative Awards	Use of Funds
9	ECHN	Health	Capital	\$75,000	\$634,995	Renovation of adult behavioral health unit to ensure patient and staff safety and security.
10	Griffin Hospital	Health	Capital	\$75,000	\$709,995	Facility renovations to create Clinical Skills Simulation Training Center at the School of Allied Health Careers.
11	Middlesex Hospital	Health	Program	\$75,000	\$784,995	Program to screen emergency patients for at-risk drug or alcohol dependency, provide interventions, education, referrals and follow-up.
12	Waterbury Hospital	Health	Capital	\$75,000	\$859,995	Expansion of wireless communication system for nurses, specialized staff and to improve quality of care environment for patients.
13	Connecticut College	Higher Ed	Program	\$68,582	\$928,577	Establish Healthy Choices program at the Connecticut College Children's Program to engage identified families in healthy choices and development education.
14	New Horizons	Nursing Home	Capital	\$75,000	\$1,003,577	Replacement of eighty HVAC units which are more than 20 years old on resident apartments.