STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY
Minutes of Authority Board Meeting – March 30, 2010

The State of Connecticut Health and Educational Facilities Authority met at 2:00 p.m. on Tuesday, March 30, 2010.

The meeting was called to order at 2:05 p.m. by Barbara Rubin, Chair of the Board of Directors of the Authority. Upon roll call those present were as follows:

PRESENT:
William Cibes, Jr., Ph.D.
Patrick Colangelo, Vice Chair
John Mengacci (Rep. Secretary Robert Genuario)
Bryan Pollard, Esq.
Barbara Rubin, Chair
Sarah Sanders, (Rep. Honorable Denise Nappier)

ABSENT:
John Biancamano
Benson R. Cohn

ALSO PRESENT:
Jeffrey A. Asher, Executive Director
Paula Herman, General Counsel
Tara Keating, Grants Administrative Assistant
Eileen MacDonald, Manager, New Business/EasyLoan Program
Joanne Mackewicz, Controller
Michael Morris, Assistant Director
Cynthia Peoples, Assistant Director
Debra Pinney, Manager, Administrative Services
Norberto Ramirez, Compliance/Internal Auditor
Jennifer Smyth, Manager, Legal Services
David Wasch, Manager, Government Programs
Jeanette Weldon, Managing Director
of the Connecticut Health and Educational Facilities Authority

GUESTS:
Michael Andreana, Esq., Pullman & Comley
Julie Balerna, Vice President, The Bank of New York Mellon
Coleman Casey, Esq., Shipman & Goodwin LLP
Scott Gibson, Director, RBC Capital Markets
Robert Guadagno, Senior Managing Consultant, Public Financial Management, Inc.
Stephen Humes, Esq., McCarter & English
Jason Krechko, Engineer, GZA GeoEnvironmental, Inc.

Edward J. Samorajczyk, Jr., Esq., Robinson & Cole LLC
Namita Shah, Esq., Day Pitney LLP
Christopher Valentino, Lamont Financial Services Corp.
Noreen White, Co-President, Acacia Financial Group, Inc.
John Yarbrough, Esq. Carmody & Torrance LLP

MINUTES

Ms. Rubin requested a motion for approval of the minutes of the February 23, 2010 Board of Directors meeting. Mr. Colangelo moved for approval of the minutes, which was seconded by Dr. Cibes.

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

AYES	NAYS	ABSTENTIONS
William Cibes	None	None
Patrick Colangelo		
John Mengacci		
Bryan Pollard		
Barbara Rubin		
Sarah Sanders		

CHILD CARE FACILITIES SECTOR ANALYSIS REPORT

Mr. Wasch conducted a sector analysis presentation on the three specialized child care facility financing programs (as provided for in Public Act 97-259) offered by the Authority.

Tax-Exempt Financing Program

The Tax-Exempt Financing Program finances pooled bond issues for the construction and renovation of child care facility projects. Nine applicants submitted proposals totaling $42 million for the next two rounds, but the State's current fiscal situation has necessitated the closure of the program to new applicants. The loans closed to date have funded 5,141 child care slots, including 1,750 that are new.

CHEFA is currently assessing the feasibility of refinancing a considerable portion of the Tax-Exempt Financing Projects ($32MM), including New Opportunities and Series A through Series E. Preliminary estimates indicate that the refinancing could provide Net Present Savings of 4.7% or $946,000 over the term of the bonds. Since the refinanced debt would be unenhanced, the State would also benefit from the release of the AMBAC Debt Service Reserve Fund, totaling $3.5MM.

Various challenges must be addressed in order to complete the transaction. The transaction would involve 17 providers. In addition, the unenhanced bond issue would require 100% direct subsidy (reducing operating subsidy intercepts to 0%), with the total debt service cost fitting within current appropriations.

Guaranteed Loan Program

The Guaranteed Loan Program is a special loan fund established by the State of Connecticut and administered by People's Bank. The program finances the construction, renovation, or expansion of child care facilities. The Guaranteed Loan Program is no longer accepting applications for new projects. Sixteen loans have closed through December 31, 2009, funding a total of 1,596 child care slots including 591 new slots. Five loans have been paid in full. As of December 31, 2009, there were ten outstanding loans with a total balance of $7,609,282. The Guaranteed Loan Program has performed very well in its lifetime; it has had $15.4 million made in loans with only one draw made on those loans. There is $3.2 million awaiting dispersement, and $4.5 million of Authority reserve funds have been set aside to provide a 20% to 50% first loss guarantee on outstanding loans.

Small Direct Loan Program

The Small Direct Revolving loan fund was established by the State of Connecticut and is administered by the Connecticut Community Investment Corporation (“CTCIC”). This program provides up to $25,000 for capital improvements and licensing-related costs. Loans are available to small providers and start-ups.

The program has closed 56 loans with $216,000 outstanding as of December 31, 2009, the loans closed to date have provided 1,855 child care slots. We currently have applications pending for six providers for a total of $150,000 in loans. The loans are approved on a rolling basis.

There are four borrowers in the Small Direct Revolving Loan Program that are currently in default.

Policy Developments

This year has seen several efforts to access federal funding through the American Recovery and Reinvestment Act of 2009 (ARRA), and other federal programs. CHEFA has actively assisted the State to qualify and compete for ARRA funding. Although funds for expanded and improved services have been reduced or eliminated, in both the legislative and executive budgets, the number of subsidized child care spaces, and the subsidy per child has remained stable. Pending legislation continues the effort to coordinate early education delivery, and CHEFA is working with the Department of Social Services, and State Department of Education to help child care providers manage the impact of tighter budgets and reduced demand for services.

TANF Emergency Funds

CHEFA has met with State Representative Walker and a group of philanthropic organizations, community college representatives and policy advocates to identify existing or new programs that may qualify for TANF Emergency Funds, which are available through ARRA. Connecticut qualifies for up to $133MM in reimbursement for new or expanded programs that address the needs of lower-income families.

Early Childhood Cabinet

The Early Childhood Cabinet has been reconstituted with new membership, and has been recognized by Governor Rell as a State Advisory Council, in the hopes of providing the State access to newly available Head Start funding.

State Department of Education

The State Department of Education ("SDE") provides an annual report to the Legislature to estimate the cost of providing early care and education to all qualifying children in Connecticut's Priority School Districts. CHEFA partnered with SDE to develop a new survey for the report, and provided training to School Readiness Liaisons on data gathering.

Results-Based Accountability

The Appropriations Committee is continuing to pilot and expand the program implementing Results-Based Accountability (RBA), an approach to budget-making decisions using agency performance measures and data. The effort is now in its fourth year, and is expanding to other State agencies.

Although not a State agency, CHEFA was invited to participate in the RBA process. Staff prepared templates reviewing the program, as well as testimony for the Appropriations Committee proposing "No Cost" and "Low Cost" alternatives to improve child care facility development efforts.

An Act Implementing the Recommendations of the Program Review and Investigations Committee Concerning an Initiative to Share Agency Data to Promote the Well-Being of Children and Families (House Bill #269) seeks to expand the integration data across State agencies. CHEFA staff has hosted meetings with David Garvey of the University of Connecticut; Robert Aseltine of UCONN Health Center; Janice Gruendel of the Connecticut Data Quality and Access Consortium; Nancy Roberts of the Connecticut Council for Philanthropy; and others, to explore opportunities to collaborate in providing access to State and not-for-profit data. The group plans to develop a formal MOU guiding data development, standards and data sharing through a web portal. These efforts are a furtherance of the CHEFA's Strategic Plan activity to "Develop, in collaboration with the University of Connecticut, a non-profit database for community access"

Ms. Rubin inquired as to the number of child care slots needed in the State. Mr. Wasch stated there are approximately 5,000 to 6,000 that are currently needed. Ms. Rubin stated that the

Authority has generated approximately 4,000 or 40% of the new child care slots thus far, which indicates progress. Mr. Wasch confirmed the Authority's role in the progress.

CURRENT AND PENDING BOND ISSUES

Financing Forecast

Wesleyan University plans to refund all of their outstanding variable rate issues for approximately $207 million, which will be presented today. The Connecticut Children's Medical Center equipment loan will also be presented today.

The sales reports for Westminster School and Fairfield University will also be presented today by Christopher Valentino of Lamont Financial Services. Ms. Weldon will provide information on the pricing for Ascension Health and Catholic Health East.

Ms. MacDonald reported that the Summary of Financings report reflects that there were three closings since last month. Yale University closed February 24th, Fairfield University closed on March 17th, and Ascension Healthcare closed on March 25th, 2010. The all-in cost for Yale was approximately 4.20%.

Upcoming closings are Catholic Health East on April 7th and Westminster School on April 14th. The Authority has received word from Danbury Hospital that they are interested in a fixed-rate unenhanced issue for approximately $125 million. There is a meeting scheduled this week with Hartford Hospital regarding an EasyLoan for equipment.

Interest Rate Update and Market Update

Ms. Peoples introduced the new layout for the monthly Interest Rate. This handout is organized to include market rates, taxable and tax-exempt interest rates, money market rates of the Authority's invested funds, as well as other money funds being monitored, current yield curves, economic calendar data , and an "Etcetera" section. The etcetera section will include laws, regulations, and developments that may have an impact on our clients or to the marketplace.

Ms. Herman stated that the Etcetera section of this month's Market Rate and Interest Update Report includes information on the new requirements to qualify as a Section 501(c)(3) charitable hospital organization. There has been increasing attention in Congress, by the IRS and by certain states on the question of whether or not hospitals are providing sufficient charity care to qualify for tax-exempt status. Hospitals will be required to conduct a community health needs assessment and report on an annual basis their progress in meeting identified needs. The community benefit activities of each tax-exempt hospital will be subject to a mandatory review by federal authorities at least once every three years.

Ms. Weldon reported on the CHEFA market update on recent health and education transactions. For Ascension Health, the 2040 maturity issued through CHEFA had a Municipal Market Data (MMD) spread of 62 basis points and a yield of 4.77%. For Catholic Health East, the 2040 maturity had an MMD spread of 102 basis points with a yield of 5.17%. The higher education transactions that were comparable from a credit perspective were Fairfield University and Northeastern University, both coming in at an 89 basis points spread to MMD, although they priced at different points during the month. In general, the municipal market is trending toward tighter spreads, although yields in the five to ten year range are trending upward. Long end tax-exempt yields are being helped by Build America Bonds. In addition, Ms. Weldon reported that, Moody's and Fitch are moving toward Global Scale Ratings which will equalize municipal and corporate bond rating scales. This will not have an impact on 501(c)(3) healthcare or higher education bonds, but the ratings on tax-backed and traditional municipal bonds will increase.

SALES REPORT

Fairfield University Issue, Series O & P

Mr. Valentino from Lamont Financial Services presented the sales report on Fairfield University Bond Issue, Series O & P. The Fairfield University Series O Bonds were issued to finance the construction and renovation of the Institution's residential facilities. The Fairfield University Series P Bonds were issued to refund the Institution's 1999 Series H Bonds. Additional proceeds from each issue will also be used to fund a debt service reserve fund and finance costs of issuance.

The transaction was fixed-rate and unenhanced and sold on Wednesday, March 3. The bonds are rated "A-" by Standard & Poor's and "A3" by Moody's. Moody's revised its outlook on the Institution's long-term debt rating to negative from stable, citing increased leverage and a "challenging student market position." The bonds were underwritten by JP Morgan for a fee of $5.21 per bond. The transaction closed on Tuesday, March 17, 2010.

The Fairfield University Series O issue is structured with one serial bond in 2030 and two term bonds maturing in 2035 and 2040. The Fairfield University Series P issue includes serial bonds maturing each July 1 from 2010-2022 and a term bonds maturing in 2028.

The refunding achieved net present value savings of $418,051 equaling 4.07% of the refunded par amount. The financing was structured for uniform savings and the refunding escrow was funded with cash.

The Bonds were scheduled for a two-day pricing on March 3 and 4, but due to strong institutional interest in the issue, the underwriter was able to accelerate the pricing and complete the sale in one day. The market had light volume on the 3rd, and the yields on "AAA" 30-year bonds closed unchanged at 4.16% for the fourth consecutive day. The yield on the 10-year bond fell one basis point to 2.93% after having been unchanged for the previous three trading days. The lack of momentum in the market did not work against the Fairfield bonds; however, the lack of supply drove buyers to focus their attention on new issues.

The Fairfield University Issue was well-received by the market, with especially strong interest in the longer term bonds from institutional buyers. Given the lack of supply in the market, the JP

Morgan underwriter was able to put out an aggressive scale compared to other similarly rated private higher education deals in recent weeks. As a result, the underwriter was able to leave the serial bond yields mostly unchanged, with adjustments being made only to the 2010, 2011, and 2012 maturities, which improved by 5, 4, and 3 basis points, respectively. Each of those maturities had been oversubscribed by 2.5 times. The most significant improvements were made in the term bonds, where JP Morgan reported that the 2035 maturity was oversubscribed by seven times and the 2040 had orders totaling nine times the available bonds. This resulted in improvements of 8 basis points in 2035 and 10 basis points in 2040. Spreads in those maturities were reduced to 92 and 89 basis points, respectively, which compared favorably to a higher rated Xavier University transaction that had sold a month earlier.

The bonds have seen moderate trading in the secondary market since the initial allocations were settled on March 4. Trading in the serial bonds has been at spreads to MMD that are roughly in line with the initial pricing, with only the 2025-2030 maturities showing anything more than extremely light secondary market activity. Both the 2035 and 2040 term bonds have traded at spreads to MMD that are 5-10 basis points tighter than the spreads received in the primary market on the day of pricing. This trend shows that demand for the longer-dated bonds continues to be strong. Municipal market rates in those maturities have been relatively unchanged, which de-emphasizes the impact of overall municipal market movement as a factor in the secondary market spreads.

Westminster School Issue, Series F

Mr. Valentino from Lamont Financial Services presented a sales report on Westminster School Bond Issue, Series F. The Westminster School Series F Bonds were issued to currently refund the Institution’s Series B Bonds. Additional proceeds from the issue will also be used to fund a debt service reserve fund and finance costs of issuance.

The fixed-rate transaction was unenhanced and sold on Wednesday, March 24. The bonds are rated “A” by Standard & Poor’s with a Stable outlook. The bonds were underwritten by Stifel, Nicolaus & Co. for a fee of $7.00 per bond. The transaction is scheduled to close on Wednesday, April 14.

The Westminster School Series F issue is structured to mature on July 1, 2029. The issue includes serial bonds maturing each July 1 from 2011-2020 and from 2023-2026 and two term bonds maturing in 2022 and 2029. The refunding achieved net present value savings of $371,521, equaling 5.84% of the refunded par amount. The financing was structured for uniform savings which averaged roughly $28,000 per year. The refunding escrow was funded with cash.

The Bonds were priced on March 24. The market environment that day was challenging, as selling in the Treasury market carried over into the municipal market. The greatest impact was seen in the front-end of the yield curve, with bonds from 2010-2020 being affected the most. High-grade municipal bond yields ended the day higher by 8 basis points in years 2-10. Yields in years 11-20 were 4-6 basis points higher, and longer bonds were mostly unchanged.

Fortunately, the selling pressure in the municipal swelled later in the day, which lessened its impact on the sale of the Westminster bonds in the morning. Overall, the Westminster transaction was relatively well-received by the market despite the conditions.

Despite the recent selling pressure, yields in the municipal market continue to be extremely favorable compared to a year earlier. On the final Wednesday of March in 2009, yields on top-rated 10-year bonds closed at 3.24% (versus 2.95% in 2010) and 4.85% on highly-rated 30-year bonds (versus 4.16% in 2010).

The largest deal in the primary market on March 24, 2010 was the $2.05 billion Citizens Property Insurance Corporation Florida deal. Yields for that deal topped out at 4.43% for a bond maturing in 2017 with a 5.25% coupon.

The Westminster School Issue was able to weather the selling pressure in the market, due in large part to the structure of the transaction, which had a significant portion of the principal in years that were less negatively affected, 2023-2029. The results of the sale reflected the market preference for long-term bonds, as maturities from 2010-2016 saw very little interest from buyers and yields were adjusted upward by 4-10 basis points in those years. The underwriter had solid order flow for the bonds in 2017-2020, and was able to improve yields in those maturities by 4-5 basis points. The 2021 and 2022 maturities had less interest, so they were lumped into a term bond which was adjusted 2 basis points higher versus the original 2022 yield. Bonds in 2023 and 2024 were not changed, while bonds in 2025 were improved by 1 basis point and 2026 was improved by 4 basis points. The 2029 term bond was the most attractive to buyers, and Stifel was able to lower the yield on that maturity by 10 basis points. As a result, the overall transaction was improved by about 3 basis points, which netted the School roughly $15,000 in additional savings versus projections from the day prior to the sale.

The bonds have not been traded in the secondary market since the initial allocations were settled on March 25, 2010.

<u>HOSPITAL CREDIT POLICY</u>

Debt Service Reserve Funds

Ms. Weldon presented the proposed credit policy for debt service reserve funds for hospital transactions. The recommended policy states that a hospital with an “Aa/AA” or higher rating by two rating agencies would not require a debt service reserve fund. This does not apply to transactions with split ratings or negative outlooks. For hospitals with an “A” category rating, the decision will be made on a case-by-case basis. Hospitals with a “Baa/BBB” category rating by one or two rating agencies, (with two ratings required) will have to fund a debt service reserve fund at the maximum amount permitted by tax law.

The proposed policy incorporates recommendations to staff made by Acacia Financial Group. As with CHEFA's debt service reserve policy on higher education transactions, the rating categories provide general guidance for board approval of transactions, but all Staff recommendations will be made on a transaction-by-transaction basis, particularly in the case of "A" category rated transactions. Because of the relative instability of hospital ratings, "A" category credits are seen as more vulnerable in the event of a rating downgrade.

Management believes that the proposed approach to debt service reserve funds is reasonable and will give CHEFA the flexibility to meet the needs of both borrowers and investors going forward. The Authority also had meetings with institutional investors Fidelity, Eaton Vance, Putnam, and Hartford Investment Management Company to assist in developing the proposed credit policies. Ms. Weldon added that Acacia Financial did comparable research with other Authorities on the reserve fund requirements.

Ms. Rubin pointed out that she didn't see the negative outlook provision included in the "A" rated group in the proposed policy. Ms. Weldon responded that all credit considerations will be addressed on a case-by-case basis through a thorough analysis, which would include consideration of the rating outlook.

Mr. Mengacci moved to approve the credit policy for the debt service reserve fund. Mr. Colangelo seconded his motion.

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

AYES	**NAYS**	**ABSTENTIONS**
William Cibes	None	None
Patrick Colangelo		
John Mengacci		
Bryan Pollard		
Barbara Rubin		
Sarah Sanders		

PRELIMINARY STAFF MEMOS

Connecticut Children's Medical Center, EasyLoan

Ms. MacDonald reported that the Connecticut Children's Medical Center has submitted an application for an EasyLoan. The loan is for $6.0 million, supplement to their 2007 loan with Bank of America. The loan is for seven years with a quoted rate of 4.00%. Bank of America has requested that the Foundation to be guarantor on this new loan, to which the hospital has agreed. The Foundation was not guarantor on the first loan issued in 2007. The Project is for a 64-slice CT scanner with unit build out, facilities improvements, IT upgrades and miscellaneous equipment. The Hospital has $40.35 million currently outstanding, including the $5.3 million EasyLoan which closed on October 12, 2007.

The Hospital has 147 licensed beds and they staff 142 beds. Their patient days for fiscal year 2009 increased to 35,913 which indicates 20% over the last five years. The average length of stay decreased slightly from 6.4 days to 5.7 days in fiscal year 2008 to FY 2009. The Emergency room visits increased approximately 25% from fiscal year 2005 to fiscal year 2009. Surgeries increased 30.5% from fiscal year 2008 to fiscal year 2009 and an additional 15% for year-to-date December over same period last year. Over 60% of payers are Medicare and Medicaid participants.

The operating margin has improved from -11.5% to -0.2% from fiscal year 2005 to fiscal year 2009. For the three months ending December 31, 2009, there has been a $2.6 million gain from operations or 5.0% margin compared to the $3.5 million loss or negative 8.0% margin for the 3 months ending December 31, 2008. The net patient revenue increased 110.23% over the past five fiscal years, compared to an 86% increase in operating expenses. The provision for bad debt had the largest increase in expenses from fiscal year 2003, at 151%. The excess margin improved from -3.5% to -0.55% from fiscal year 2005 to fiscal year 2009. The year-to-date as of December 31, 2009 was a positive 6.2% compared to a negative 11% for December 31, 2008. The Hospital's unrestricted liquidity is weak. Their days cash on hand fluctuated over the last five years from 102 to 6.3 days, with $3.8 million of cash and investments as of September 30, 2009.

The Hospital has other investments of $27.7 and $54.6 held in trust. Including cash and investments of the Foundation of $49 million, the days cash on hand increases to 78.8 days. The cash pro forma debt for fiscal year 2009 is 8.8% and the debt to capitalization is 31.3%. Including the Foundation's role, the cash to pro forma debt is 120% above Moody's "A" median.

Stamford Hospital Issue, Series I

Mr. Morris reported on Stamford Hospital Issue, Series I. The Hospital has been the only member of the Obligated Group. The parent, (Stamford Health System), is guarantor of the Series G issue and two Wachovia bank loans. The parent has approximately $80 million of net assets, $40 million in cash and investments. The Hospital's CFO provided a letter requesting maintenance of the same structure to avoid limits on the parent's strategic initiatives by having to go to the bond insurer (Series F & G). Mr. Morris noted that the Hospital violated the disposition of assets covenant of its existing CHEFA documentation in 2009 with an equity transfer of an approximate $42 million in real property to its parent that they had acquired with the Wachovia loan. The equity will be transferred back to the hospital. The Authority recommends keeping the same structure with limitations on the guarantor, including disposition of assets, additional debt, guarantees, and encumbrances. Should the Hospital receive an "A" rating, the Authority may recommend that no debt service reserve fund be required. There would be a negative impact on the savings which would reduce expected net present value savings of $425,000. In addition, capital structure would improve, eliminating Wachovia's variable rate debt. The Hospital would be required to have a debt service reserve fund for an expected future new money issue. The Institution is meeting with rating agencies in the next couple of weeks.

The Series I bond proceeds will be used to finance or refinance approximately $28.0 million to partially refund the Series F and G issues; approximately $28.0 million to payoff the 2009 Wachovia loan, which funds were used to refund the Hospital's Series H variable bond issue; $23.0 million to payoff the 2008 Wachovia line of credit, which funds were used to purchase land adjacent to the Hospital's main campus; and $20.0 million to reimburse the Hospital for capital expenditures. The net present value savings for the Series F and G bonds are 4.27% and 4.73%, respectively.

Mr. Colangelo stated that there has to be a guarantee on the cash investments. Mr. Morris stated that the Authority will impose the same covenants concerning transfer of assets that the Hospital has on the guarantor without being a member of the Obligated Group. Mr. Asher added that CHEFA would place restrictions on the parent's ability to transfer assets. Ms. Rubin asked what would happen if they violated a covenant. Mr. Morris replied that it would be a cross default. Ms. Herman stated that the guarantee that is in place right now runs to MBIA with respect to the existing debt for a guarantee of payment. Dr. Cibes added that normally CHEFA is seen as a conduit issuer, and inquired how suddenly can the Authority step in and hold the guarantor responsible. Ms. Herman stated, that could occur as soon as there is a failure of payment. Further discussion ensued.

Ms. Rubin requested Mr. Morris bring back the specific parameters and tests to the Board when the bond issue is presented next month for approval. Mr. Morris confirmed he would do so.

FINAL STAFF MEMO

Wesleyan University Issue, Series G

Mr. Morris reported that Wesleyan University would like to refund their three outstanding variable rate bond issues totaling $203 million. The University intends to change the capital structure to a combination of 90% fixed and 10% variable rate. The University would like to finance their swap termination payment to the extent permitted**.** The smaller variable rate piece will have a bullet maturity in 2040. The University is rated "Aa3" by Moody's; "AA" by S&P and both have a Stable outlook with rating affirmation expected in the next few weeks. The University is seeking a short-term rating for the possibility of providing self liquidity to replace Bank of America, the current liquidity provider.

Demand has been favorable with applications increasing 46% over the past five years, with a 6% increase in applications for the fall 2010 entering class. The University's selectivity is very favorable at 22%; however, Wesleyan faces strong competition for its students, evidenced by matriculation declining from 40% to 32%. The quality of students remains impressive. There is stable enrollment and very good geographic distribution of students with only 6% from Connecticut. The total minority enrollment is 33%.

The University has had seventeen consecutive years of balanced budgets. Although their endowment spending rate is higher than the industry norm of 5%, they have improved over the past three years. The operating margin, calculated using a 5% draw, has declined slightly over the past three years but remains more favorable than five years ago. Over the next several years, the University plans to generate additional revenue by increasing student enrollment and reduce expenditures by $30 million. Since fiscal year 2007, the University's expendable resource base declined 45% primarily due to $200 million of realized and unrealized losses. Despite the decline in resources, the University states that it has various sources of liquidity at its disposal. As of February 10, 2010 (if called upon), the University could have liquidated $200.9 million on a same-day basis and an additional $6.7 million on a seven-day basis.

Ms. Rubin requested a motion for approval of the Wesleyan University Issue, Series G. Mr. Mengacci moved for approval, which was seconded by Dr. Cibes.

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

AYES	**NAYS**	**ABSTENTIONS**
William Cibes	None	None
Patrick Colangelo		
John Mengacci		
Bryan Pollard		
Barbara Rubin		
Sarah Sanders		

CHEFA FINANCIAL OPERATIONS

February 2010 Financial Statements

Ms. Mackewicz reported that for the eight months ending February 28, 2010, revenues over expenses were approximately $1.8 million before and after program related expenses. Revenues were under budget by approximately $183,000 and expenses were under budget by approximately $83,000. The third installment of the Connecticut Science Center grant was made in the amount of $208,000. There is approximately $427,000 that remains payable to the Science Center.

HUMAN RESOURCE COMMITTEE REPORT

Dr. Cibes reported that the Human Resource Committee met today at 1:00 p.m. to review the revised Employee Incentive Program with staff recommendations. The Committee agreed that the proposed revisions were reasonable. The committee approved the following recommendation unanimously for the percentage of the total incentive compensation: Core Goal 1 would be 30%; Core Goal 2 would be 30%; Core Goal 3 would be 10%; and Core Goal 4 would be 30%. The sub goals for Core Goal 4 would be Staff and Management Development 15%, Board Development 15%; Increased Awareness 10%; Effective Management 10%; Clean Audit 25% and Expense Management 25%. The Committee also requested that Staff present a revised Strategic Business Plan in June and the Incentive Compensation Review and Assessment for fiscal year 2010 in September.

Ms. Rubin requested a motion to accept the recommendations of the Human Resource Committee. Dr. Cibes moved to accept the methodology as proposed; Mr. Mengacci seconded his motion.

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

AYES	NAYS	ABSTENTIONS
William Cibes	None	None
Patrick Colangelo		
John Mengacci		
Bryan Pollard		
Barbara Rubin		
Sarah Sanders		

Ms. Rubin stated that some of the Board members have indicated that the timing of the Board meetings is not accommodating to their schedules. Ms. Rubin requested the Board members to send an email to Jeff Asher identifying the days and times that work best for them.

Ms. Rubin added that it is with great regret the Authority has received Dr. Cibes' resignation from the Board of Directors. Dr. Cibes will remain on the Board until June 30th, 2010. The Authority and the Board will acknowledge Dr. Cibes' contributions at a future meeting.

EXECUTIVE DIRECTORS REPORT

Mr. Asher updated the Board on the Authority's interest and involvement various projects such as healthcare reform and the electronic health record program. Mr. Asher has been appointed to the Health Information and Technology Advisory Committee of Sustinet which is the legislative mandated health care alternative in Connecticut. Also, Mr. Asher has been asked to become a member of the Finance Sub-Committee of the Health Information Technology Exchange Project, which is managed by the Department of Public Health. Mr. Asher received an invitation from Christine Vogel, the Deputy Commissioner from the Department of Public Health to sit on the State Agency Review Panel. The panel is charged with the responsibility, along with the rapid review panel announced by the Governor in January 2010, to determine what the impact of Federal Healthcare Reform will be on hospitals in the state of Connecticut.

Mr. Asher and Ms. Weldon traveled to Washington, D.C. earlier in the month to attend a meeting of the National Association of Health and Educational Facilities Financing Authorities. While in Washington D.C., Mr. Asher and Ms. Weldon also visited with members of the Connecticut Congressional Delegation. Mr. Asher and Ms. Weldon attended presentations from the IRS, Municipal Securities Rulemaking Board, the Government Finance Officers Association, the Securities Exchange Commission, the National Association of Bond Lawyers, and a consultant presentation on healthcare reform. One of the topics discussed with the delegation was the extension of the Build America Bonds program and the Federal Home Loan Bank Program. Mr. Asher and Ms. Weldon also met with the Chief of Staff for Congressman Larson and the Chief of Staff for Congressman Himes in addition to staff from the offices of the remaining five members of the Connecticut Congressional Delegation regarding the above-mentioned, as well as trying to pitch the permanency of Bank Qualified Debt. The Authority also spoke to the Congressional Delegation in an attempt to get the Office of the National Coordinator to release funds for a grant program to enable a pooled program for an electronic health records grant program for hospitals. Mr. Asher stated that the meetings were very successful.

Mr. Asher reported that the Authority has addressed getting some replacements to fill the vacant Board of Directors positions. John Biancamano's re-appointment has been approved by the

Governor for five years effective July 1, 2010. Bryan Pollard has also been re-appointed to the Board of Directors for five years effective July 1, 2010. The Authority had submitted a request to the Governor which was approved, to have Dr. Pamela Trotman Reid who is the President of St. Joseph College, appointed to the Board of Directors effective July 1, 2010, assuming she does not have a problem with the Statement of Financial Interest legislation. Mr. Asher and Ms. Herman will be meeting in the near future with a prospective Board member. Mr. Asher added that another prospective Board member has expressed interest in serving on the Board of Directors pending the outcome the Statement of Financial Interest's legislation.

Mr. Asher stated that there is a bill pending, Senate Bill# 289 which will require that the proposed Statement of Financial Interest (SFI) legislation be filed on-line by required parties. In addition, the State Ethics Commission intends to provide on-line, public access to much of the information provided in the SFI to the general public on the Ethics Commission's WEB Page. Mr. Asher expressed his deep concern with respect to this intent. Mr. Asher and Ms. Rubin addressed this issue approximately eight years ago by attending a meeting at the Office of State Ethics when their Executive Director was trying to get on-line access approved. Their board unanimously voted against the proposal at that time. With respect to the pending legislation, Mr. Asher, Dr. Cibes, Mr. Cohn, Ms. Rubin and some CHEFA clients have all reached out and written letters. Some of the recipients include: members of the Government Administration Election Committee, senators, state representatives, and others. Mr. Asher stated that he also shared input with the Executive Director of the Office of State Ethics, and Majority Leader of the House, and the Chief Counsel to the House Democrats as well. Ms. Rubin said there has been a remarkable lack of concern expressed from any office.

The individuals who file the SFI consider the information provided in the statement private and, while the State is obligated to make the filings generally accessible, it certainly is not obligated to provide the information on-line. There is fear of safety related to identity theft, home invasion, and the possibility of committed board members opting to resign from their positions on the Board of Directors rather than have personal information readily available on the internet. Mr. Asher asked that Board members speak to their governmental contacts to attempt to influence and inform these individuals of the dangers online dissemination of this information could present.

OTHER BUSINESS

Ms. Rubin again acknowledged Dr. Cibes's contribution to the Board of Directors.

Mr. Asher acknowledged Michael Morris' 20th Anniversary working for CHEFA.

The next Board of Directors meeting will be held on April 27, 2010 at 2:00 pm.

There being no further business, at 3:43 p.m., Ms. Rubin requested a motion to adjourn the meeting. Mr. Colangelo moved to adjourn and Mr. Mengacci seconded the motion. All were in favor.

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

AYES	**NAYS**	**ABSTENTIONS**
William Cibes	None	None
Patrick Colangelo		
John Mengacci		
Bryan Pollard		
Barbara Rubin		
Sarah Sanders		

Respectfully submitted,

Jeffrey A. Asher
Executive Director