

STATE OF CONNECTICUT HEALTH AND EDUCATIONAL FACILITIES AUTHORITY  
Minutes of Authority Board Meeting  
June 17, 2020

The State of Connecticut Health and Educational Facilities Authority held a meeting via teleconference at 1:30 p.m. on Wednesday, June 17, 2020.<sup>1</sup>

The meeting was called to order at 1:31 p.m. by Peter W. Lisi, Chairman of the Board of Directors of the Authority. Those present and absent were as follows:

PRESENT: Peter W. Lisi, Chairman  
Michael Angelini, Vice Chair  
Lawrence Davis  
Anne Foley (*Designee for Melissa McCaw, OPM Secretary*)  
Darrell V. Hill (*Designee for CT State Treasurer Shawn T. Wooden*)  
Barbara B. Lindsay, Esq.  
Dr. Estela R. Lopez  
Susan Martin  
Barbara Rubin

ABSENT: Mark Varholak

ALSO, PRESENT: Jeanette W. Weldon, Executive Director  
Denise Aguilera, General Counsel  
Robert Blake, Network and Data Architect  
Debrah Galli, Manager, Administrative Services  
Daniel Giungi, Communications and Government Affairs Specialist  
Josh Hurlock, CHESLA, Assistant Director  
Robert Jandreau, Sr. Finance Associate  
Krista Johnson, Compliance Specialist  
Daniel Kurowski, CHEFA CDC Program Manager  
Eileen MacDonald, Sr. Transaction Specialist  
JoAnne N. Mackewicz, Controller  
Michael F. Morris, Managing Director  
David Pantaleo, Sr. Systems and Data Analyst  
Cynthia D. Peoples-H., Managing Director, Operations & Finance  
Kara Stuart, Administrative Services Assistant  
Betty Sugerman Weintraub, Grant Program Manager  
of the Connecticut Health and Educational Facilities Authority

GUESTS: Bruce Chudwick, Esq., Shipman & Goodwin LLP  
Mary Jo Kelly, Hardwick Law Firm, LLC  
Deborah Henry, Principal Attorney, Hardwick Law Firm, LLC  
Thomas Marrion, Esq., Partner, Hinckley Allen  
Edward Samorajczyk Jr., Esq., Robinson + Cole LLP  
Erick Russell, Esq., Pullman & Comley LLC  
Namita Shah, Esq., Day Pitney LLP  
Ann Zucker, Carmody Torrance Sandak & Hennessey LLP

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<sup>1</sup> All attendees participated in the meeting via conference telephone that permitted all parties to hear each other

**APPROVAL OF MINUTES**

Mr. Lisi requested a motion to approve the minutes of the May 20, 2020 meeting of the Board of Directors. Dr. Lopez moved for approval of the minutes, which was seconded by Ms. Rubin.

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

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTENTIONS</u></b>
Michael Angelini	None	None
Lawrence Davis		
Anne Foley		
Darrell V. Hill		
Barbara Lindsay		
Peter Lisi		
Dr. Estela Lopez		
Susan Martin		
Barbara Rubin		

**EXECUTIVE DIRECTOR’S REPORT**

**Authority Updates**

Ms. Weldon stated that the Authority Update would be captured in the Strategic Plan Status Report.

**Client Updates-Transactions**

Mr. Morris provided the following updates:

Yale University – Priced two remarketings for their 2017 issue for \$195 million. Results can be found in the Market Summary in the Board Package.

Trinity College – Will be pricing their Series R Bond Issue on Thursday, June 18<sup>th</sup>.

Mr. Morris stated that CHEFA is also working with a number of institutions providing consents for PPP Loans and/or Lines of Credits. CHEFA is also working with a few institutions that are trying to restructure their debt with their private placement banks.

University of Bridgeport has defaulted on its payments with approximately \$55 million outstanding at Citizens Bank and is currently trying to restructure its debt.

**Financial Report – April 30, 2020**

Ms. Mackewicz reported on the April 2020 Financials. Non-operating income is \$3.5 million and non-operating expense is \$1.9 million for a change in net position of \$1.6 million. The operating revenues remain below budget by \$214 thousand predominantly due to support services for CHESLA, CSLF, and CDC. Operating expenses are also under budget by \$273 thousand.

Ms. Mackewicz said that the May financials will begin to reflect the decrease in the CHEFA administrative fees for the COVID-19 initiative as well as the accrual of the nonprofit grant awards. Ms. Mackewicz stated that there will be approximately a \$285 thousand loss as of June 30, 2020.

**Interest Rate and Market Updates**

Ms. Peoples referred to the Market Investment Monitor handout in the board package.

Mr. Jandreau stated that new issuance has slowed a little bit as evidenced on page 1 of the transaction report showing that the healthcare sector has been negatively impacted by the COVID-19 pandemic which has resulted in some investor aversion to the sector, resulting in only a handful of healthcare transactions being priced. Mr. Jandreau said that a possible second wave of the virus could further impact the sector negatively.

Mr. Jandreau said that the education sector continues to exhibit very strong levels of taxable issuance with the largest deal and also the lowest yielding taxable transaction priced by Yale University.

Mr. Jandreau went on to say that the near historic low rates, an increasing amount of global negative yielding bonds, strong mutual fund flows and June and July principal payment reinvestment flows of approximately \$71 billion, the new issue market environment remains favorable for most issuers.

### **CHESLA Updates**

Mr. Hurlock reported on the loan volume for the In-School Loan Program and the Refi CT Loan Program. Both programs are down by about \$400,000 each primarily due to the COVID-19 pandemic. Mr. Hurlock then reported the following on the scholarship program:

- The application period ran from March 2, 2020 through May 1, 2020.
- Received 318 qualified applicants; representing 26 institutions and 78 CT cities and towns.
- Management plans to award scholarships to 167 recipients totaling \$487,500; representing 23 institutions and 64 CT cities and towns.
- Awards are \$3,000 for a full-time student and \$1,500 for a half-time student.

Mr. Hurlock noted the CHESLA Board had approved an allocation of \$450,000 for the undergraduate degree program, but due to unused school proceeds and interest earned in the scholarship account, there are additional funds available. Mr. Hurlock stated at the CHESLA Board meeting on June 25<sup>th</sup> it will be proposed to award the \$487,500 versus the \$450,000 that was originally allocated.

Mr. Lisi inquired if Mr. Hurlock would have expected to receive more than 318 applications. Mr. Hurlock stated there were around 1,000 applications started, but the 318 is in terms of qualified applicants who finished the application. The 318 qualified applications were in line with the prior year. A brief discussion ensued.

Mr. Hurlock also reported on the upcoming scholarship program for students pursuing a healthcare or manufacturing certificate program.

Mr. Hurlock also reported on CHESLA outreach to high schools and on the CHESLA bond deal that closed June 11<sup>th</sup>. 2020 Series B consisted of \$19 million in revenue bonds for in-school loan proceeds for the 2020-2021 academic year. The successful bond transaction resulted in an historically low 4.85% fixed rate offering for new loan applications. The total transaction also included refunding series.

### **STRATEGIC PLAN STATUS REPORT**

Ms. Weldon provided an overview of the CHEFA/CHESLA Strategic Plan Status Report FY 2020, which was distributed with the meeting materials. Ms. Weldon said that each pillar had a slide with the proposed Fiscal Year 2020 Goals followed by a slide for the pillar with what has been

achieved in FY 2020, and FY 2021 goals. Activity for each of the following pillars was reviewed in the status report:

- Pillar I: Collaboration
- Pillar II: Economic and Workforce Development for the Public Good
- Pillar III: Technology
- Pillar IV: Innovation
- Pillar V: Public Engagement and Accountability

Ms. Weldon stated this is the second year completed in the three-year strategic plan and FY 2021 will be the final year. There will be meetings within the next year to establish CHEFA's next three-year strategic plan.

Mr. Davis recused himself from the Loomis Chaffee School Issue agenda item as the transaction is being executed by Webster Bank<sup>2</sup>. He left the telephonic meeting at 2:21 p.m.

## **FINAL STAFF MEMO AND AUTHORIZING BOND RESOLUTION**

### **Loomis Chaffee School Issue, Series K**

Mr. Jandreau stated staff would like to recommend approval up to \$45 million for the Loomis Chaffee School Issue, Series K. Mr. Jandreau said the Loomis Chaffee School will be looking to issue both tax-exempt and taxable bonds to finance renovations to five dormitories as well as refund the outstanding 2011 Series H, 2017 Series I and 2018 Series J bonds.

Mr. Jandreau reported on the bonds:

- The newly issued bonds will be sold to Webster Bank as a direct purchase.
- Both the tax-exempt and taxable bonds will have a fixed rate.
- The tax-exempt bonds will feature a 25-year maturity while the taxable bonds will have a 4-year maturity.
- Savings for the Series H, I & J bond refunding is expected to be about \$1.2 million.

Mr. Jandreau stated that Loomis Chaffee anticipates an over-enrolled opening this Fall with COVID-19 safe return measures in place and online schooling options available where needed.

Mr. Jandreau said staff would like to recommend the financing based on Loomis Chaffee's strong reputation and track record, highlighted by strong student demand and a high "A-rated" credit profile, in addition to the anticipated savings from the financing and benefits of newly renovated student living spaces.

Mr. Lisi requested a motion for approval up to \$45 million for the Loomis Chaffee School Issue, Series K (Resolution #2020-10). Ms. Rubin moved for approval up to \$45 million for the Loomis Chaffee School Issue, Series K (Resolution #2020-10) and Ms. Lindsay seconded the motion.

With Loomis Chaffee anticipating an over enrolled opening in the Fall, Mr. Lisi inquired how much of the student population consists of international students and if there is any significant concern on that sector of their student base. Mr. Jandreau stated he believes the percentage of international students is about 20% and growing. Mr. Jandreau said Loomis Chaffee is very cognizant that the COVID-19 pandemic may impact international students from traveling back to the United States. A brief discussion ensued.

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<sup>2</sup> Mr. Davis is employed by Webster Bank.

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	Lawrence Davis
Anne Foley			
Darrell V. Hill			
Barbara Lindsay			
Peter Lisi			
Dr. Estela Lopez			
Susan Martin			
Barbara Rubin			

Mr. Davis returned to the telephonic meeting at 2:28 p.m.

**FINAL STAFF MEMO AND AUTHORIZING BOND RESOLUTION**

**Miss Porter’s School, Series E&F**

Mr. Jandreau stated staff would like to recommend for approval up to \$46 million for the Miss Porter’s School Issue, Series E. Mr. Jandreau said proceeds will be used to refund Miss Porter’s two outstanding bond series, 2015 Series C and 2015 Series D, as well as finance various renovations on campus as part of its master plan. Bonds will be sold to Boston Private as a direct purchase and will be divided into three subseries: E-1; E-2; and E-3. Mr. Jandreau reported the subseries of bonds will be primarily fixed rate and will not be subject to prepayment penalty unless refinanced through another lender. The approximate net present value saving resulting from the refunding is approximately \$1.1 million.

Mr. Jandreau stated Miss Porter’s pro forma DSCR appears low, but factors in a full drawdown of the subseries E-3 bonds and does not factor in any donations that may have been received. Miss Porter’s currently has a capital campaign in place that is targeted to be \$100 million, divided into \$40 million for endowment, \$40 million for campus improvements and \$20 million for the annual fund. Mr. Jandreau said so far, Miss Porter’s has raised a little more than \$60 million and anticipates that the capital campaign plan will be complete in the next three years.

Mr. Jandreau reported Miss Porter’s expects to re-open this Fall and is currently over enrolled at 336 students. A contract has been sent out to parents allowing for an opt out before July 1st. Therefore, by the middle of June, Miss Porter’s will be better able to assess the number of students for the coming year. For students who may not be able to travel to Farmington, online classes will be available.

Mr. Jandreau said Miss Porter’s refunded families approximately \$500,000 for room and board in FY 2020. For the majority of returning students, those funds will be allocated into the new academic year towards tuition. Miss Porter’s expects to generate a modest surplus in FY 2020 through savings generated in their dining program, utilities, and other areas.

Mr. Jandreau stated staff would like to recommend the approval of financing based on Miss Porter’s strong reputation, stable enrollment, and savings generated from the refunding

Mr. Lisi requested a motion for approval up to \$46 million for the Miss Porter’s School Issue, Series E (Resolution #2020-11). Ms. Foley moved for approval up to \$46 million for the Miss Porter’s School Issue, Series E (Resolution #2020-11) and Ms. Rubin seconded the motion.

Referring to Miss Porter’s endowment and a low percentage being unrestricted, Mr. Lisi inquired whether there is an industry standard that rating agencies use as a general guideline. Mr. Jandreau and Mr. Morris stated a percentage around 40% to 50% of assets being unrestricted would be favorable. 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		
Anne Foley		
Darrell V. Hill		
Barbara Lindsay		
Peter Lisi		
Dr. Estela Lopez		
Susan Martin		
Barbara Rubin		

**COMMITTEE REPORTS**

**Human Resources Committee**

Mr. Angelini requested a motion to go into Executive Session at 2:34 p.m. to discuss the performance evaluation of the Executive Director. Mr. Lisi moved to go into Executive Session and Ms. Foley 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		
Anne Foley		
Darrell V. Hill		
Barbara Lindsay		
Peter Lisi		
Dr. Estela Lopez		
Susan Martin		
Barbara Rubin		

At 2:35 p.m. all Board members left the telephonic meeting to attend the Executive Session via a separate telephonic meeting number.

All Board members returned to the telephonic meeting at 2:48 p.m. Mr. Lisi stated that there were no votes taken during Executive Session.

Mr. Lisi requested a motion to approve the Human Resources Committee recommendation for merit increase of the Executive Director. Dr. Lopez 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  
Anne Foley  
Darrell V. Hill  
Barbara Lindsay  
Peter Lisi  
Dr. Estela Lopez  
Susan Martin  
Barbara Rubin

**Grant Committee**

Mr. Angelini recused himself as Yale New Haven Health submitted a grant application.<sup>3</sup>

Dr. Lopez stated the Grant Committee met to review the recommendations regarding the FY 2021 COVID-19 Grant Awards. The three typical grant cycles for FY 2021 were replaced with a FY 2021 COVID-19 Grant Awards Program created in response to the current crisis. Dr. Lopez stated the criteria focused on statewide programs to support Connecticut communities and residents or were sector specific statewide funds focused on CHEFA’s four core priority areas of healthcare, education, childcare, and cultural. Dr. Lopez stated that there were 35 grant applications submitted and the Internal Review Committee (IRC), which comprised of the CHEFA officers and Ms. Sugerma Weintraub, is recommending a total of fourteen grants totaling \$3 million.

Dr. Lopez reported that while reviewing the grants, a few modifications were discussed. The first modification involved the CSCU System who requested funds to support students who did not qualify for the federal government’s CARES Act. There were over 21,000 students that were ineligible for these funds for various reasons, therefore, the grant committee decided the funds should be targeted only for DACA (Deferred Action for Childhood Arrivals) students.

The second modification focused on the cultural sector, one of CHEFA’s four core priorities, which has been greatly impacted by the COVID-19 crisis. The grant committee identified the CT Humanities Council grant as a grant that should be supported in the cultural sector. The grant for the CT Conference of Independent Colleges of \$100,000 was discussed and was determined to not provide sufficient funds to have a significant impact. Therefore, the grant committee recommended declining the CT Conference for Independent Colleges and instead approving the CT Humanities Council for the same amount of \$100,000.

Dr. Lopez requested a motion to approve the FY 2021 CHEFA COVID-19 Grant Program Awards with the modifications of asking the CSCU System to target DACA students with their funding, and to fund the CT Humanities Council for \$100,000 instead of the CT Conference of Independent Colleges. Mr. Lisi moved for approval of the FY 2021 CHEFA COVID-19 Grant Program Awards with these modifications, which was seconded by Ms. Foley.

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

<u><b>AYES</b></u>	<u><b>NAYS</b></u>	<u><b>ABSTENTIONS</b></u>	<u><b>RECUSALS</b></u>
Lawrence Davis	None	None	Michael Angelini
Anne Foley			
Darrell V. Hill			
Barbara Lindsay			

<sup>3</sup> Mr. Angelini is employed by Yale New Haven Health.

Peter Lisi  
Dr. Estela Lopez  
Susan Martin  
Barbara Rubin

**OTHER BUSINESS**

Mr. Lisi spoke about Ms. Barbara Rubin, who would be retiring after 23 years of service to the CHEFA Board. Mr. Lisi said that Ms. Rubin served as Board Chair for 17 years, approving over 500 separate bond issues totaling just under \$20 billion, and today would be Ms. Rubin's last board meeting. Ms. Weldon and others provided additional comments and congratulations to Ms. Rubin.

**ADJOURNMENT**

There being no further business, at 3:00 p.m., Mr. Lisi requested a motion to adjourn the meeting. Ms. Rubin moved to adjourn the meeting and Ms. Foley seconded the motion.

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

**AYES**

Michael Angelini  
Lawrence Davis  
Anne Foley  
Darrell V. Hill  
Barbara Lindsay  
Peter Lisi  
Dr. Estela Lopez  
Susan Martin  
Barbara Rubin

**NAYS**

None

**ABSTENTIONS**

None

Respectfully submitted,



Jeanette W. Weldon  
Executive Director