

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of CHESLA Board Meeting

June 24, 2021

The State of Connecticut Higher Education Supplemental Loan Authority held a telephonic meeting at 11:30 a.m. on Thursday June 24, 2021.¹

The meeting was called to order at 11:30 a.m. by Mr. Peter Lisi, Chair, of the CHESLA Board of Directors. Those present and absent were as follows:

Present: Peter W. Lisi, Chair
Martin L. Budd
Andrew A. Foster
Darrell V. Hill, (*Designee for Connecticut State Treasurer*)
Julie B. Savino, Vice Chair
Jeanette W. Weldon (*Executive Director CHEFA and CHESLA*)

Absent: Benjamin B. Barnes (*Designee for CT State Colleges and Universities President*)
Steven Kitowicz (*Designee for Connecticut OPM Secretary*)

Also Present: Denise Aguilera, General Counsel, CHEFA
Robert Blake, Network Architect, CHEFA²
Debrah Galli, Manager of Administrative Services, CHEFA
Daniel Giungi, Communication and Legislative Affairs Specialist, CHEFA
Joshua Hurlock, Assistant Director, CHESLA
Carlee Levin, Sr. Accountant, CHEFA
JoAnne Mackewicz, Controller, CHEFA
Shannon Reynolds, Portfolio Assistant, CHESLA
Natalia Rozio, Portfolio Administrative Assistant, CHESLA
Kara Stuart, Administrative Services Assistant of the Connecticut Health and Educational Facilities Authority

Guests: Judith Blank, Esq., Pullman & Comley LLC
Sandra Dawson, Member, Pullman & Comley LLC
Joseph Santoro, Director-Education Finance Team Leader, BofA Securities, Inc.
Thomas H. Webb, Director, Hilltop Securities N. A

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

² Mr. Blake joined the teleconference meeting at 11:35 a.m.

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the meeting minutes of the May 11, 2021 Board of Directors special meeting. Mr. Budd moved to approve the board meeting minutes and Ms. Savino seconded the motion.

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

AYES

Peter W. Lisi
Martin Budd
Darrell V. Hill
Julie B. Savino
Jeanette W. Weldon

NAYS

None

ABSTENTIONS

Andrew A. Foster³

APPOINTMENT OF WILSON LUNA TO THE ADVISORY COMMITTEE

Ms. Weldon referenced Wilson Luna’s bio in the board package and stated that he is being proposed for membership to the CHESLA Advisory Committee. Ms. Weldon stated that Mr. Luna has extensive experience working at the college level while serving a variety of responsibilities and staff believes that he will be a valued member of the Committee. Ms. Weldon noted that Mr. Luna had been approved by the CHEFA Board as a new CHESLA Board member, but due to the limitations on the number of each political party in Board membership, he could not serve. Instead, staff instead would like to offer Mr. Luna a position on the Advisory Committee.

Mr. Budd moved to approve the appointment of Wilson Luna to the CHESLA Advisory Committee and Ms. Savino seconded the motion.

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

AYES

Peter W. Lisi
Martin Budd
Andrew A. Foster
Darrell V. Hill
Julie B. Savino
Jeanette W. Weldon

NAYS

None

ABSTENTIONS

None

³ Mr. Foster abstained from voting as he did not attend the May 11, 2021 Special Meeting.

SALES REPORT FOR 2021 B BOND TRANSACTION – TIM WEBB, HILLTOP SECURITIES

Mr. Tim Webb, Hilltop Securities, provided a sales report on the 2021 Series B bond transaction. Mr. Webb referenced the board package outlining the sale and the PowerPoint showing the comparison to what was provided at the May 11th Board meeting. Mr. Webb stated that he, Ms. Weldon, and Mr. Hurlock anticipated a volume need of around \$17 million for the 2021 to 2022 school year. Mr. Webb reported the following on the transaction:

- The transaction was structured for \$17,515,000.
- The Authority contributed \$1 million in order to eliminate the 3% reserve fee.
- The 2021 Bonds were offered to investors on Tuesday May 25, 2021. The underwriter, Bank of America Securities, held a two hour order period from 9:00 am to 11:00 am EDT.
- There were oversubscription levels of 3:1 and all of the maturities were over-sold with the exception of the 2023 maturity.
- CHESLA’s issue was well received with the result of a loan rate of 4.59%.

Mr. Webb thanked staff for allowing Hilltop Securities to participate with CHESLA on this transaction. CHESLA Board members thanked Mr. Webb and Hilltop Securities for their work on getting the loan rate of 4.59% for borrowers and their families.

The floor was open to questions and a brief discussion ensued.

Ms. Weldon thanked Mr. Webb and Mr. Santoro for their assistance with the transaction.

SCHOLARSHIP MEMO & APPROVAL

Mr. Hurlock reported that at the January Board meeting, the CHESLA Board approved an allocation of \$470,000 in scholarships for students pursuing an undergraduate degree. As of June 14, 2021, the CHESLA scholarship account had about \$91,250 in unused proceeds from schools and earned interest from prior years. Mr. Hurlock stated that management would like board approval to award 188 scholarships totaling \$543,000.

Mr. Budd moved to approve the 188 scholarships totaling \$543,000 and Mr. Lisi seconded the motion.

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

AYES

NAYS

ABSTENTIONS

Peter W. Lisi
Martin Budd
Andrew A. Foster
Darrell V. Hill
Julie B. Savino
Jeanette W. Weldon

None

None

For the 2021-2022 undergraduate degree scholarship program, Ms. Rozio reported that there were 261 qualified applicants of which 188 were chosen as recipients, with total funding of \$543,000. Ms. Rozio noted that the application was offered directly to students instead of going through the schools. Ms. Rozio stated that the scholarship application was made available online on the CHESLA website on March 1st, with high school counselors, financial aid officers, and the State Department of Education advised of its availability. The scholarship program information was also posted on CHESLA's social media outlets by Ms. Reynolds. Applications and supporting documents were submitted until May 1st using Foundant.

Ms. Rozio stated that students were required to submit a letter of recommendation, transcript, and the first two pages of their SAR report to prove that their EFC was under 6000. Once these documents were complete, the application was moved to the CHESLA Scholarship Committee consisting of Ms. Weldon, Mr. Hurlock, Ms. Reynolds and Ms. Rozio. Applications were reviewed and graded using evaluations and eligibility listed in the Board package. Ms. Rozio reported that the \$543,000 would be awarded in amounts of \$3,000 for a full-time student and \$1,500 for a part-time student. Staff expects to inform students of their awards in July and disburse funds to schools in September.

Mr. Budd noted that most of the applicants were female. A brief discussion ensued.

Mr. Hurlock noted the data analysis for the scholarship program. Data includes race, gender, age group, grade classification, institution attending, home city or town and attendance status. Mr. Hurlock stated that Exhibits A and B include a data breakout of all qualified applications received, and Exhibits C and D include the same data breakout for just the 188 scholarship recipients. Mr. Hurlock reported that the data shows the following:

- A broad distribution of applicants across much of the state, with 89 towns represented.
- Applicants will be attending 24 of the state's 34 public or non-profit higher education institutions.

- The applicant pool was racially diverse, although most of the applicants (78%) were female.
- The awardees represent 80 towns and 20 institutions, with a similar racial and gender distribution.

Mr. Hurlock said that staff believes that the third year of the CHESLA administered scholarship program built on the success of prior years. Mr. Hurlock stated that the Foundant secure online portal continues to be a great platform for application submission and application review. Mr. Hurlock noted that while the scholarship committee currently consists of only CHESLA staff, anyone is welcome that would like to review applications, get to know the applicants, and partake in the grading process.

Mr. Hurlock reported that the scholarship application for healthcare and manufacturing certificate programs opens on July 1st. At the January meeting, the CHESLA board approved an allocation of \$30,000 for this program. Mr. Hurlock stated that funds are available on a first come, first serve basis and any applicant that meets the criteria will receive a certificate program scholarship until funds run out. Awards will be \$1,250 per student.

Mr. Hurlock stated that Ms. Rozio will be moving to North Carolina in September. Mr. Hurlock said that he witnessed Ms. Rozio grow from a student intern to an outstanding CHESLA employee. Mr. Hurlock thanked Ms. Rozio for her passion and dedication to CHESLA over the years. A brief discussion ensued. CHESLA Board Members thanked Ms. Rozio for her dedication to CHESLA.

REVIEW AND APPROVAL OF FY 2022 OPERATING BUDGET

Ms. Weldon reported that the budget provides for excess revenue from operations of \$106,029, a decrease of 38.1% from FY 2021 budgeted levels. This reflects a 1% decline in administrative fee revenue, an 85% decline in investment income, and a 4.6% increase in operating expenses. Regarding the fee revenue, Ms. Weldon turned the floor over to Ms. Levin and Mr. Hurlock.

Ms. Levin reported that management is estimating that CHESLA's total revenues for FY 2022 will be \$946,407, representing a 2.9% decrease from budgeted FY 2021 levels. Ms. Levin stated that the \$17,000, representing 61% of the decrease, is due to a reduction in investment income reflecting the current interest rate environment. Ms. Levin provided a detailed overview on the revenues for the In-School loan program and Refi CT program.

Mr. Hurlock reported on the loan origination assumptions stating that staff was projecting a rebound from the COVID year in both programs, but not to pre-pandemic levels. Mr. Hurlock reported that there is \$3.8 million remaining in 2020 proceeds and staff is projecting to utilize the funds in FY 22. Staff is projecting to fund the rest of the academic year through the 2021 issuance that closed yesterday. The new loan offering will be at 4.59% fixed with no origination fee. Mr. Hurlock stated that based on the offering exceeding expectations, staff is hopeful that the disbursements will go out sooner and result in higher revenues throughout the year.

Mr. Budd inquired about the \$3.8 million remaining in 2020 proceeds and a discussion ensued.

Ms. Weldon stated that staff will cover expenses next, and with compensation being the biggest part of an expense budget, management is proposing a CHESLA compensation budget of \$239,274 for FY 2022. Ms. Weldon said that this amount includes merit increases, a salary adjustment component and some overlap to accommodate for training a new individual.

Regarding salary and the approach to merit increases, Ms. Weldon reported that CHESLA adheres to CHEFA's salary administration guidelines that were adopted as part of a CHEFA-wide review process conducted with the assistance of an HR consultant. The guidelines establish salary grades and ranges for all CHEFA/CHESLA positions, with a goal of insuring internal equity (including equity between CHEFA and CHESLA staff) and minimizing longevity driven salary growth. Ms. Weldon stated that the CHESLA benefits mirror CHEFA's benefit package.

Regarding the other expenses, Ms. Weldon stated that the most noteworthy item is the CHEFA support services. CHEFA support services are an hourly calculation based on the benefit and salary expense of CHEFA staff as they do CHESLA work. Ms. Weldon turned the floor over to Mr. Hurlock to report on the marketing expense.

Mr. Hurlock stated that staff is proposing an increase in the marketing line item by \$15,000 due to CHESLA continually adding programs to market. Marketing costs are budgeted at \$225,000. Mr. Hurlock noted the statistics in the memo showing that a majority of applicants come through marketing avenues.

Mr. Lisi requested a motion to approve the proposed FY 2022 Operating Budget as presented. Mr. Foster moved for approval and Ms. Savino seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi Martin Budd Andrew A. Foster Julie B. Savino Jeanette W. Weldon	Darrell V. Hill ⁴	None

Mr. Hill left the teleconference meeting at 12:30 p.m.

QUARTERLY FINANCIAL REPORT

Ms. Levin reported on the quarterly financials for the nine months ending March 31, 2021. Ms. Levin reported that revenues over expenses before non-operating income and expenses are \$147,948 and revenues and expenses after non-operating income and expenses are \$150,753. Total year to date operating revenues are over budget by \$1,611 and total year to date operating expenses are under budget by \$22,163.

Ms. Levin provided an overview on the bond funds, other funds (scholarship fund and non-bond Refi program), and student write-offs.

Mr. Lisi inquired about the reasoning behind the write-offs being significantly higher on a percentage basis. Mr. Hurlock stated that CHESLA only writes off loans that are already at the collection company and when no payment has been made within the past year. Mr. Hurlock said that the pandemic has been a significant contributing factor. A brief discussion ensued.

FY2022 - FY2024 STRATEGIC PLAN REVIEW

Ms. Weldon provided a brief update on the FY2022 - FY2024 strategic plan. Ms. Weldon reported that the plan resulted from a joint process involving CHEFA and CHESLA Board members and staff, and the plan was approved by the CHEFA Board last week. Ms. Weldon reported that the

⁴ With merit increases being a part of the Operating Budget, Mr. Hill stated that the Treasurer does not support non-union increases if they are not applied to non-union employees statewide.

Authority will maintain the same five strategic pillars that already exist under the current strategic plan. The five pillars are: Collaboration, Economic and Workforce Development for the Public Good, Technology, Innovation, and Public Engagement and Accountability. Ms. Weldon stated that based on feedback, the proposed items continue to fit within these pillars.

Regarding the vision and mission statement for CHEFA and CHESLA, Ms. Weldon stated that for the most part they are staying the same with the exception of a minimal tweak to CHESLA's vision statement. Ms. Weldon referenced the sentence "and enhance economic development through innovative post-secondary education programs" and stated that the main edit was using 'post-secondary education' instead of 'higher education' to enhance a broader outreach. Ms. Weldon stated that they will also change the wording "and enhance" to "by supporting."

Ms. Weldon pointed out that for purposes of this presentation, her focus would be the Key Initiatives. The FY 2022-2024 Strategic Plan builds on the existing Vision, Mission, and Value Statements as well as the already established Strategic Pillars from the prior 3-year cycle. A brief discussion ensued.

Mr. Lisi requested a motion to approve the FY 2022 - FY 2024 Strategic Plan. Mr. Budd moved for approval and Mr. Foster seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Martin Budd		
Andrew A. Foster		
Darrell V. Hill		
Julie B. Savino		
Jeanette W. Weldon		

EXECUTIVE SESSION - DISCUSSION OF EXECUTIVE DIRECTOR'S PERFORMANCE REVIEW

Mr. Lisi requested a motion to go into Executive Session at 12:50 p.m. to discuss the performance evaluation of the Executive Director. Ms. Savino moved to go into Executive Session and Mr. Foster seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi Martin Budd Andrew A. Foster Julie B. Savino Jeanette W. Weldon	None	None

At 12:50 p.m. all Board members and Ms. Weldon left the telephonic meeting to attend the Executive Session via a separate telephonic meeting room.

Ms. Weldon returned to the telephonic meeting at 1:07 p.m. All Board members returned to the telephonic meeting at 1:13 p.m. Mr. Lisi stated that there were no votes taken during Executive Session.

EXECUTIVE DIRECTOR’S REPORT

Authority Updates

Ms. Weldon reported that during the legislative session, a proposal came out of the Governor’s office with language for the state’s Chief Workforce Officer to be an ex-officio member of the CHESLA Board. Ms. Weldon stated that as a result of this bill passing, Ms. Kelli-Marie Vallieres will become a new ex-officio Board member of CHESLA as of July 1st, and her first Board meeting will be in September.

Mr. Budd inquired about Ms. Vallieres receiving an orientation on CHESLA. Ms. Weldon stated that she will be receiving a thorough and complete orientation in advance of her first CHESLA Board meeting in September.

Ms. Weldon reported that another proposal out of the Governor’s office was regarding broadening CHESLA’s authority to make loans to “high value” certificate programs. Ms. Weldon stated that these would include programs offered by other than accredited non-profit institutions. The Office of Workforce Strategy will be responsible for identifying the eligible “high value” programs. The expectation is that full implementation of this loan program would not occur during FY 2022. A brief discussion ensued.

Mr. Giungi reported that there was success with the Alliance District Teacher Loan Subsidy proposal. Staff worked with House Co-Chair Jason Doucette of the Banking Committee to have an amendment filed on House Bill 5610. The amendment contained language establishing the Alliance District Teacher Loan Subsidy program and also included language that expands the definition of 'education assistance' in CHESLA's enabling statutes. Mr. Giungi reported that all 36 Senators voted in the affirmative for passage of the Bill and it is currently awaiting the Governor's signature.

Mr. Giungi stated that staff successfully lobbied the general bonding sub-committee Co-Chairs to have the necessary funding authorization included in the annual bond bill. The next step in the process is to get the bonding on a Bond Commission agenda and have the members vote to issue the bonds to fund the program.

Ms. Weldon thanked Mr. Giungi for his persistent efforts in the legislative process.

Portfolio Update

Mr. Hurlock provided an update on the In-School Loan Program portfolio disbursement data. Mr. Hurlock stated that for the 3rd quarter, the CHESLA In-School Loan Program disbursed about \$8.8 million, but disbursements are down about 26% compared to FY 2020. Mr. Hurlock noted that CHESLA downsized its 2020 bond deal by about 28%, which was on target with the drop in disbursements.

Mr. Hurlock reported on the In-School Loan Program market segment data, noting that Sacred Heart University is the top Connecticut school for loan volume, with UCONN and Quinnipiac University following respectively.

Mr. Hurlock provided an update on the following items:

- In-School 2020 B disbursement comparison to cash flow assumptions
- Refi CT 2019 A disbursement comparison to cash flow assumptions
- Refi CT loan disbursement data and Refi CT analysis
- UAS and Campus Door performance data

Social Media & Marketing

Ms. Reynolds reported that the goal is to continue to build awareness about all of CHESLA’s programs. Ms. Reynolds reported the following:

- Over 29,000 new users to the CHESLA website and over 70,000 page views.
- Consistently over 80% of our online traffic visits CHESLA from organic searches or direct to site.
- Top website referrals came from: Facebook, CT Dollars & Sense, Graniteface.com, CT Scholarships, Connecticut.Teach.org and CTOHE.org.
- About 90% of referrals that come from social media platforms are from Facebook.

Ms. Reynolds stated that staff will start planning for outreach activities in September.

ADJOURNMENT

There being no further business, at 1:27 p.m., Mr. Budd moved to adjourn the meeting and Mr. Lisi seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi Martin Budd Andrew A. Foster Julie B. Savino Jeanette W. Weldon	None	None

Respectfully submitted

Jeanette W. Weldon
Executive Director