

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY  
Minutes of Authority Board Meeting  
March 25, 2021

The State of Connecticut Higher Education Supplemental Loan Authority held a telephonic meeting at 11:32 a.m. on Thursday, March 25, 2021.<sup>1</sup>

The meeting was called to order at 11:32 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*)  
Steven Kitowicz (*Designee for Connecticut OPM Secretary*)  
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*)

CHEFA  
Board Members

Present: Steven L. Elbaum

Also Present: Denise Aguilera, General Counsel, CHEFA  
Debrah Galli, Manager of Administrative Services, CHEFA  
Daniel Giungi, Communications and Government Affairs Specialist, CHEFA  
Joshua Hurlock, Assistant Director, CHESLA  
Carlee Levin, Sr. Accountant, CHEFA  
JoAnne Mackewicz, Controller, CHEFA  
Cynthia Peoples, Managing Director, 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  
Brian Kares, Vice President, RBC Capital Markets  
William Kotkosky, Assistant Vice President & Relationship Manager,  
U.S. Bank Global Corporate Trust.  
Ben McGuire, Director, Hilltop Securities N.A.  
Matthew Rosen, CHESLA Advisory Board Member, School Counselor,  
Naugatuck High School  
Glenn Rybacki, Esq., Pullman & Comley LLC  
Joseph Santoro, Director-Education Finance Team Leader, BofA Securities, Inc.  
Namita Shah, Esq., Day Pitney LLP  
Jeff Wagner, Managing Director, RBC Capital Markets  
Tyler Walsh, Analyst, RBC Capital Markets

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

FINAL

Approved on: May 11, 2021

Thomas H. Webb, Director, Hilltop Securities N. A  
Gary Wolf, Director, RBC Capital Markets

**APPROVAL OF MINUTES**

Mr. Lisi requested a motion to approve the meeting minutes of the January 21, 2021 Board of Directors meeting. Mr. Budd moved to approve the board meeting minutes and Mr. Kitowicz seconded the motion.

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>
Peter W. Lisi	None	None
Martin Budd		
Andrew A. Foster		
Darrell V. Hill		
Steven Kitowicz		
Julie B. Savino		
Jeanette W. Weldon		

**EXECUTIVE SESSION TO RECEIVE ATTORNEY-CLIENT PRIVILEGED COMMUNICATION REGARDING ARBITRAGE REBATE**

Mr. Lisi requested a motion to go into Executive Session at 11:40 a.m. to receive Attorney-Client Privileged Communication Regarding Arbitrage Rebate. Mr. Budd moved to go into Executive Session and Ms. Savino seconded the motion.

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>
Peter W. Lisi	None	None
Martin Budd		
Andrew A. Foster		
Darrell V. Hill		
Steven Kitowicz		
Julie B. Savino		
Jeanette W. Weldon		

Mr. Lisi stated that all Board members, Ms. Weldon, Mr. Hurlock, Ms. Aguilera, Ms. Peoples, Ms. Blank, Mr. Rybacki and Ms. Shah will attend the Executive Session via a separate telephonic meeting room. At 11:40 a.m. all Board members, Ms. Weldon, Mr. Hurlock, Ms. Aguilera, Ms. Peoples, Ms. Blank, Mr. Rybacki and Ms. Shah left the telephonic meeting to attend the Executive Session.

Mr. Elbaum left the teleconference meeting at 11:41 a.m.

All Board members, Ms. Weldon, Mr. Hurlock, Ms. Aguilera, Ms. Peoples, Ms. Blank, Mr. Rybacki and Ms. Shah returned from the executive session to the telephonic meeting at 12:09 p.m. and the meeting reconvened. Mr. Lisi stated that no votes were taken during the executive session.

Mr. Budd inquired if CHESLA has ever had an IRS audit on the arbitrage calculations on its bonds.

Ms. Weldon stated that CHESLA was selected for an IRS audit as part of an industry wide audit process in the 2014 timeframe and received a “No Change” outcome.

**APPOINTMENT OF BOND COUNSEL**

Ms. Weldon reported that she was informed earlier this month that Judith Blank and Glenn Rybacki were leaving Day Pitney to join Pullman & Comley. Day Pitney has served as CHESLA’s bond counsel for more than 20 years and Judith Blank has been the primary representative during much of that time. Ms. Weldon stated that Judith’s institutional knowledge and comprehensive understanding of CHESLA have proven invaluable.

Ms. Weldon reported that in March 2020, Pullman & Comley responded to the most recent RFP to serve as CHESLA’s bond counsel. Ms. Weldon referenced the Board package containing an overall summary from all RFP responses. Ms. Weldon stated that given their addition of Judith Blank, CHESLA management recommends that Pullman & Comley be appointed CHESLA bond counsel, to replace Day Pitney for the remainder of Day Pitney’s engagement term. Ms. Weldon stated that Pullman & Comley has indicated that they will honor the compensation arrangement that CHESLA agreed to with Day Pitney.

Mr. Budd stated that as a former partner of the predecessor of Day Pitney he is abstaining from voting on the matter.

Mr. Lisi requested a motion to accept staff recommendation regarding changing bond counsel. Ms. Savino moved for approval and Mr. Foster seconded the motion.

Mr. Hill inquired about the compensation as established by the Board, inquiring whether the compensation was from the Day Pitney contract or as proposed by Pullman & Comley. Ms. Weldon stated that Pullman & Comley will honor the compensation arrangement as provided in the Day Pitney agreement.

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>
Peter W. Lisi	None	Martin Budd <sup>2</sup>
Andrew A. Foster		
Darrell V. Hill		
Steven Kitowicz		
Julie B. Savino		
Jeanette W. Weldon		

Ms. Weldon thanked Ms. Namita Shah and Day Pitney for the work that they have done and the support that has been provided historically.

**SCHOLARSHIP PROGRAM MANUAL UPDATE (2021-01)**

Mr. Hurlock stated that CHESLA has worked hard over the last two years to market the certificate program scholarships. CHESLA has also collaborated with Ms. Betty Sugerman Weintraub from CHEFA to coordinate marketing efforts through state workforce boards and job resource centers. Mr. Hurlock reported that despite these marketing efforts, the certificate scholarship volume has been low, disbursing seven scholarships this year. Mr. Hurlock said that he contacted the Financial

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<sup>2</sup> Mr. Budd abstained from voting as he is a former partner of the predecessor of Day Pitney.

Aid Director for the CSCU system, learning that only 57% of students enrolled in a for-credit certificate program filed a FAFSA this year. Mr. Hurlock stated that based on this information, staff believes this is a barrier, and is proposing to remove the Expected Family Contribution (EFC) component from the certificate program scholarship application only. Mr. Hurlock referenced the change on page 22 section D. 3. (b), stating that staff is asking for the Board to approve the scholarship program manual change and referenced the resolution on page 16.

Mr. Budd moved to approve the resolution to amend the scholarship program manual update (Resolution 2021-01) 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	None	None
Martin Budd		
Andrew A. Foster		
Darrell V. Hill		
Steven Kitowicz		
Julie B. Savino		
Jeanette W. Weldon		

**APPOINTMENT OF RICH BISHOP TO THE CHESLA ADVISORY BOARD**

Mr. Hurlock read the Rich Bishop Bio provided in the Board package. Mr. Hurlock stated that Rich will be a great asset to the CHESLA Advisory Board.

Mr. Budd moved to approve the appointment of Rich Bishop to the CHESLA Advisory Board and Mr. Kitowicz 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		
Steven Kitowicz		
Julie B. Savino		
Jeanette W. Weldon		

**QUARTERLY FINANCIALS 12/31/20**

Ms. Levin reported on the financials for the six months ending December 31, 2020. Ms. Levin stated that revenues over expenses before non-operating income and expenses were \$140,954, and revenues over expenses after non-operating income and expenses were \$142,632. Total YTD revenues were \$13 over budget and total YTD expenses were \$70,708 under budget. Ms. Levin stated that this is due to Consultant fees, CHEFA Support services, and the timing of some marketing invoices for the 2nd quarter.

Ms. Levin reported the following on the bond fund financials:

- The total change in net position for the 1990 Resolution before the transfer is an increase of \$239,388 and the total change in net position after the transfer is an increase of \$433,292.

- The total change in net position for the 2019 Resolution before the transfer is a decrease of \$113,301; the primary reasons for the decrease are a decrease in origination fees and interest income on loans receivable and increases in the loan servicing fees and bond issuance costs. The total change in net position after the transfer is a decrease of \$307,204.
- The funds transferred from the 2017A Revenue Fund in the 1st quarter to the 2020B Debt Service Fund were transferred back during the 2nd quarter.

Mr. Lisi inquired for an elaboration about the transfer that should not have been done and was reversed. Ms. Levin stated that the trustee transferred funds from the 1990 resolution to the 2019 resolution, and you cannot transfer funds between resolutions. The transfer should not have been done so it was corrected in the 2nd quarter.

Ms. Levin reported on other program financials, stating that the total change in net position for the Scholarship Fund for this quarter was an increase of \$272, and the total change in net position for the Non-Bond Refi program was an increase of \$6,038.

## **EXECUTIVE DIRECTOR'S REPORT**

### **Authority Updates**

Ms. Weldon stated that there are numerous bills relating to CHESLA, including two bills coming out of the Governor's office. Ms. Weldon turned the floor over to Mr. Giungi.

Mr. Giungi stated that the first bill, S.B. No. 881, is part of the Governor's budget package. This bill would enable CHESLA to provide financing products for high value certificate programs as determined by the Office of Workforce Strategy. Mr. Giungi stated that this proposal has had a hearing and is currently awaiting action in the Higher Education Committee. The next step would be a vote to send it to the Senate floor.

Ms. Weldon added that the bill will provide for the creation of a loan loss reserve account funded through state bond proceeds that would be available in connection with those loans. The expectation is that even if this bill becomes effective, it is not going to be operational until a year from now. A brief discussion ensued.

Mr. Giungi stated that the second bill, S.B. No. 885 has a hearing on March 26, 2021 before the Appropriations Committee. This bill would bring the addition of a representative from the Office of Workforce Strategy to the CHESLA Board of Directors.

Mr. Giungi reported on two other bills relating to legislative priorities:

- S.B. No. 852: Various administrative items pertaining to CHESLA and CHEFA. A key point is that it would enable CHEFA to provide fund transfers to CHESLA. This bill was voted out of the Higher Education Committee with bipartisan support and is currently awaiting action in the Senate.
- S.B. No. 932: An Act Concerning An Alliance District Teacher Loan Rate Subsidy Program. This bill was voted out of the Higher Education Committee with bipartisan support. There were some suggested language changes that were voted out of Committee. Staff is currently working to coordinate with the co-chairs of the Higher Education Committee before it comes to a vote on the Senate floor.

Ms. Weldon reported that S.B. No. 852 covers a variety of CHEFA and CHESLA items. Ms.

Weldon stated that it provides the ability to fund the SCRF with a letter of credit instead of bond proceeds, and also provides for increasing the maximum amount of CHESLA debt to \$500 million instead of \$300 million. This will help position CHESLA long term. Ms. Weldon stated that the bill also expands the definition of 'education assistance' so that other products, besides grants and loans, can be considered CHESLA education assistance products.

Ms. Weldon noted that S.B. No. 932, the Alliance District Teacher Loan Rate Subsidy Proposal, was previously described as the Minority Teacher Recruitment Proposal. Ms. Weldon reported that the bill was broadened to reference teachers agreeing to work in alliance school districts. Ms. Weldon stated that CHESLA and the State Department of Education were written into the bill as developing the eligibility criteria, and that would include the ability to offer this loan rate subsidy to teachers of color.

Mr. Budd inquired about language in SB 852 pertaining to CHEFA's ability to transfer funds to CHESLA. Ms. Weldon stated that it is primarily for consistency with CHEFA's existing statutory language. A brief discussion ensued.

Ms. Weldon mentioned the CHEFA and CHESLA Board strategic planning retreat session that will be held on Thursday, April 1, 2021 from 8:30 a.m. to 12:00 p.m. This session will provide an opportunity for the CHEFA and CHESLA Board to interact and staff is looking forward to the session.

Ms. Weldon noted that she was recently elected to the Board of Education Finance Council. This is CHESLA's trade association involved in monitoring industry trends and legislation. Ms. Weldon stated that it is a great opportunity to represent CHESLA and to be able to provide input.

### **Portfolio Update**

Mr. Hurlock provided an update on the In-School Loan Program portfolio disbursement data. Mr. Hurlock stated that overall, there was a bounce back in Quarter 2 compared to FY 2020 but disbursements are down about 24%. Mr. Hurlock noted that CHESLA downsized its 2020 bond deal by about 28% which is on target with the expected 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.

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

Mr. Hurlock noted that in January, CHESLA worked with its financial advisor to update the cash flows with actual disbursements that occurred in December. Mr. Hurlock stated that based on these updates there is no threat of a draw on the SCRF. Mr. Hurlock reported that CHESLA is doing well from a cash flow perspective.

Mr. Hurlock continued to provide an update on the following items:

- Refi CT loan disbursement data and Refi CT analysis
- UAS and Campus Door performance data

Mr. Hurlock noted that even though Refi CT loan disbursements are less than anticipated due to the federal COVID benefits in place until September 2021, staff continues to market the program and the refinancing of non-federal loans.

Mr. Budd inquired about the performance data statistics and a brief discussion ensued.

### **Marketing and Outreach**

Ms. Reynolds stated that the overall goal of CHESLA's marketing efforts is to build awareness about CHESLA's programs and continue to increase loan volume. From October 2020 to February 2021 there has been over 10,000 new users to the CHESLA website, over 24,000 page views, and over 15,000 sessions. Ms. Reynolds stated that top website referrals came from Facebook, CT Dollars & Sense, CT Office of Higher Ed, Scholarships, Connecticut.Teach.org, and Fox61. A brief discussion ensued.

Ms. Reynolds reported the following on the social media and marketing outreach:

- Continued to promote the expanding suite of programs CHESLA has to offer on social media platforms and other media outlets.
- CHESLA ads took over Fox 61 Home Page for 24 hours on Nov. 4, 2020. Ms. Reynolds stated that this produced an increase in calls, feedback, and traffic to the CHESLA website.
- CHESLA on TV: Mr. Hurlock said that these marketing efforts are done to increase CHESLA's exposure at high profile events, especially sporting events, at a cost effective rate. Mr. Hurlock noted that CHESLA recently had a television ad run during the March Madness UCONN men's basketball game on Saturday, March 20th at 7:00 PM.
- CHESLA presented during the Annual CAPFAA Conference in December on a panel discussing private student loans and refinancing.
- Contacted graduate programs with information on both graduate student loans and refinance loans.
- Continued virtual outreach with a presentation at Cheshire High School on March 8th in which over 80 parents and students participated in a Q&A Session. Ms. Reynolds stated the presentation was engaging and very well received.

Ms. Reynolds stated that overall, CHESLA's brand awareness is increasing and moving in the right direction.

### **Scholarship Update**

Ms. Rozio reported on the certificate scholarship program. Ms. Rozio said that a total of \$12,500 has been awarded to 10 recipients. Ms. Rozio stated that while the total awarded is less than expected, with the EFC requirement being eliminated after today's meeting that number should increase.

Ms. Rozio reported on the undergraduate scholarship program, which opened on March 1, 2021 and will close on May 1, 2021. Ms. Rozio stated that so far there have been 350 applications started and 21 submitted. Ms. Rozio said that similar to last year, it is expected that hundreds more will come in closer to the closing deadline.

### **ADJOURNMENT**

There being no further business, at 12:50 p.m., Mr. Budd moved to adjourn the meeting and Mr. Kitowicz seconded the motion.

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

**AYES**

Peter W. Lisi

**NAYS**

None

**ABSTENTIONS**

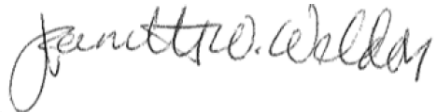
None

FINAL

Approved on: May 11, 2021

Martin Budd  
Andrew A. Foster  
Darrell V. Hill  
Steven Kitowicz  
Julie B. Savino  
Jeanette W. Weldon

Respectfully submitted

A handwritten signature in cursive script that reads "Jeanette W. Weldon". The signature is written in black ink and is positioned above the printed name and title.

Jeanette W. Weldon  
Executive Director