

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY
Minutes of Authority Board Meeting
November 5, 2020

The State of Connecticut Higher Education Supplemental Loan Authority held a telephonic meeting at 11:30 a.m. on Thursday, November 5, 2020.¹

The meeting was called to order at 11:31 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
Benjamin B. Barnes (*Designee for CT State Colleges and Universities President*)
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

CHEFA Board Members
Lawrence Davis
Present:

Also Present: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel, CHEFA
Kevin Barry, Accountant, 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, CHEFA²
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: Katharine Balukas, CPA, Manager, BerryDunn
Judith Blank, Esq., Day Pitney LLP
Lew DeLuca, Coordinator, Student Financial Literacy and Advising, SCSU
Ben McGuire, Hilltop Securities N.A.
Nancy S. Nicolescu, Director of Education & Communications, Office of State Ethics
Matthew Rosen, CHESLA Advisory Board Member, School Counselor, Naugatuck High School
Joseph Santoro, Director-Education Finance Team Leader, BofA Securities, Inc.

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

² Ms. Levin joined the meeting at 11:36 a.m.

Robert Smalley, CPA, CGMA, CFE, Principal, BerryDunn³
Thomas H. Webb, Director, Hilltop Securities N. A

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the meeting minutes of the September 17, 2020 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:

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Peter W. Lisi	None	None
Benjamin B. Barnes		
Martin Budd		
Andrew A. Foster		
Darrell V. Hill		
Steven Kitowicz		
Julie B. Savino		

ETHICS TRAINING – NANCY S. NICOLESCU, DIRECTOR OF EDUCATION & COMMUNICATIONS, OFFICE OF STATE ETHICS

Ms. Nicolescu gave a presentation on “Following the Ethical Compass: Quasi Public Agencies – Board Members Understanding the Code of Ethics.”

Ms. Nicolescu provided ethics training, in accordance with the requirements of the Authority’s Ethics Statement and Policies. A copy of the Top Ten Ethics Rules for Public Officials and State Employees was also provided.

Ms. Nicolescu encouraged the Board members to contact the Office of State Ethics if they had any questions.

Mr. Lisi thanked Ms. Nicolescu for her time and presentation.

Ms. Nicolescu left the meeting at 11:51 a.m.

INTERNAL AUDIT REPORT REVIEW - BERRYDUNN

Mr. Smalley of BerryDunn introduced himself and his colleague Ms. Balukas.

Ms. Balukas provided an overview on the following internal audit reports:

1. Vendor Oversight Report
2. Scholarships Report

Ms. Balukas stated that CHESLA’s internal controls over the oversight of outside vendors for the CHESLA loan programs are rated as adequate. Ms. Balukas stated that CHESLA’s internal controls over the scholarship program are rated as satisfactory. Ms. Balukas provided an overview of the internal audit reports.

³ Mr. Smalley joined the meeting at 11:50 a.m.

Ms. Balukas thanked the CHESLA staff for the work they put in to complete the audit process remotely.

Ms. Balukas and Mr. Smalley left the meeting at 11:58 a.m.

QUARTERLY FINANCIALS

Ms. Levin reported on the quarterly financial statements for the three months ending September 30, 2020. Ms. Levin stated that in the operating account revenues over expenses before non-operating income and expenses was \$32,227, and revenues over expenses after non-operating income and expenses was \$33,240. The total year-to-date revenues were \$855 under budget and total year-to-date expenses were \$24,133 under budget. Ms. Levin said that this is primarily due to the consultant fees and CHEFA support service fees both being under budget.

Ms. Levin reported the following on the Bond Funds:

- The total change in net position before transfers for the 1990 Resolution is an increase of \$8,832. Bond issuance costs are the primary reason for the small increase
- The total change in net position before transfers for the 2019 Resolution is a decrease of \$61,770. The primary reason for the decrease is the allowance for loan loss.
- The \$193,904 transferred from the 1990 Resolution to the 2019 Resolution was an error by the Trustee which was corrected in October. Ms. Levin has emphasized to the Trustee that funds cannot be transferred between the two Resolutions.

A brief discussion ensued.

Ms. Levin reported the following on other program financials:

- The total change in net position for the Scholarship Fund for this quarter was an increase of \$157.
- The total change in net position for the Non-Bond Refi program was an increase of \$9,719.

EXECUTIVE DIRECTOR'S REPORT

Authority Updates

Ms. Weldon congratulated the CHESLA staff on the positive audit results regarding the scholarship program. Ms. Weldon noted that since this is a new program it is commendable for it to get such positive results.

Ms. Weldon stated that the primary focus of the authority update will be on the legislative agenda for the upcoming session. Ms. Weldon noted that when the Authority is considering what to propose for the legislative agenda, the focus is primarily on the following criteria:

- Administrative matters to clean up or streamline;
- The Authority's strategic plan and initiatives to move forward;
- The state's priorities and what CHESLA can do to support these priorities; and
- Societal issues and how CHESLA can play a role.

Ms. Weldon reported that the first item on the legislative agenda is the Minority Teacher Recruitment Student Loan Subsidy Program. Ms. Weldon said that the Authority believes this proposal coincides with most of the above criteria. This proposal will provide for an interest rate

subsidy on CHESLA loans if a minority teacher recruit commits to teaching in Connecticut public schools. The goal is to incentivize recruitment and retention of minority teachers, consistent with Administration and Connecticut State Department of Education priorities. Ms. Weldon stated that the interest rate subsidy would require state funding.

Mr. Budd inquired about whether this legislative agenda item would need a vote of approval from the Board. A discussion ensued.

Ms. Weldon reported on legislative item 3b, clarifying the definition of “education assistance.” Ms. Weldon stated that currently “education assistance” is defined as grants or loans. The Authority is seeking to make the definition more general to cover a variety of ways that education might be financed.

Ms. Weldon turned the floor over to Mr. Giungi, Communications and Government Affairs Specialist. Mr. Giungi gave an overview of legislative meetings to date and pending. A brief discussion ensued.

Mr. Budd moved to approve all three legislative items in concept and authorized the staff to fill in the details with a request that staff inform the Board of any significant changes that occur to what they have previously presented. Ms. Savino seconded the motion.

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

AYES

Peter W. Lisi
Benjamin B. Barnes
Martin Budd
Andrew A. Foster
Steven Kitowicz
Julie B. Savino

NAYS

None

ABSTENTIONS

Darrell V. Hill⁴

Portfolio Update

Mr. Hurlock provided an update on the In-School Loan Program portfolio statistics. Mr. Hurlock stated that the portfolio is performing well.

Mr. Hurlock also provided an update on the following items:

- In-School Loan Program disbursement data and market segment data
- In-School 2020 B disbursement comparison to cash flow assumptions
- Refi CT 2019 A disbursement comparison to cash flow assumptions

Mr. Budd inquired about the future of the Refi CT program, given that loan volume has been less than anticipated. A discussion ensued regarding ongoing marketing efforts and relevant cash flows.

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

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

⁴ Mr. Hill abstained due to his representation of the Connecticut State Treasurer’s office.

Marketing & Outreach

Ms. Reynolds stated that the overall goal is to build awareness about CHESLA programs and increase loan volume. From July 1, 2020 to October 25, 2020 there has been over 9,000 new users to the CHESLA website, over 25,000 page views, and over 15,000 sessions. Ms. Reynolds stated that top website referrals came from CT Dollars & Sense, CT Office of Higher Education, CT Scholarships, WNPR, and Finaid.org.

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

- Announced Employer Student Loan Repayment Program
- Included legislators as recipients of October quarterly newsletter
- Ms. Weldon did an interview on MetroHartford Alliance Pulse of The Region on September 20th
- A television ad ran pregame and during Game 4 of the World Series on October 24th
- A television ad will run during Round 3 or 4 of the Masters Golf Tournament in November

Ms. Reynolds provided an overview on how CHESLA outreach has also gone virtual.

Mr. Lisi inquired about whether including legislators as recipients of the October quarterly newsletter is a new initiative. Ms. Reynolds stated that previously legislators were being sent individualized communications and press releases, but now they are also included in the distribution list for the newsletter. Mr. Lisi applauded this initiative.

Ms. Savino inquired about those included on the distribution list for the newsletter. Mr. Hurlock reported financial aid directors and staff, high school counselors, legislators, and anybody who signs up while on the CHESLA website is on the distribution list. Overall, approximately 1,500 people receive to the newsletter.

Ms. Reynolds stated that CHESLA will continue its school outreach program virtually to connect with students and families.

Scholarship Update

Ms. Rozio provided a brief update on the scholarship program. Ms. Rozio reported that in the last few months, two certificate scholarships were awarded to students in the manufacturing certificate program at Naugatuck Valley Community College. Ms. Rozio stated that the number of applications received was less than predicted but that marketing outreach is continuing to occur.

APPROVAL OF MEETING DATES – CY 2021

Mr. Lisi requested a motion to approve meeting dates for CY 2021. Mr. Budd moved for approval 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
Benjamin B. Barnes		
Martin Budd		

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

ADJOURNMENT

There being no further business, at 12:52 p.m., Mr. Foster moved to adjourn the meeting and Mr. Budd seconded the motion.

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

AYES

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

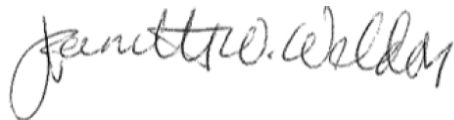
NAYS

None

ABSTENTIONS

None

Respectfully submitted



Jeanette W. Weldon
Executive Director