

# CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

## Minutes of Authority Board Meeting

June 12, 2018

The State of Connecticut Higher Education Supplemental Loan Authority met at 11:30 a.m. on Tuesday, June 12, 2018.

The meeting was called to order at 11:33 a.m. by Dr. Peter Lisi, Chair, of the CHESLA Board of Directors. Those present and absent were as follows:

Present: Steven Kitowicz (*Designee for Benjamin Barnes, OPM Secretary*)  
Dr. Peter W. Lisi, Chair  
Sheree Mailhot, (*Designee for Denise Nappier, State Treasurer*)  
Paul H. Mounds, Jr.  
Julie Savino  
Erika Steiner (*Designee. for Mark Ojakian, President, Connecticut State Colleges & Universities*)  
Jeanette Weldon

Absent: Martin L. Budd

Also Present: Denise Aguilera, General Counsel, CHEFA  
Joshua Hurlock, Assistant Director, CHESLA  
Carlee Levin, Sr. Accountant, CHEFA/CHESLA  
JoAnne Mackewicz, Controller, CHEFA  
Debra M. Pinney, Manager of Administrative Services, CHEFA  
Natalia Rozio, Administrative Intern, CHESLA  
David Wasch, Government Programs Specialist/Legislative Liaison, CHEFA

Guests: Judith Blank, Esq., Day Pitney LLP  
Lisa Cohen, Vice President of Trust Admin, Controller & Treasurer,  
Goal Structured Solutions<sup>1</sup>  
Joseph Santoro, Director, Merrill Lynch, Pierce, Fenner & Smith, Inc.,  
Bank of America, N.A.<sup>2</sup>  
Namita Shah, Esq., Day Pitney LLP  
Thomas H. Webb, Vice President, Hilltop Securities<sup>3</sup>  
Ann Zucker, Esq., Carmody Torrance Sandak & Hennessey LLP

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<sup>1</sup> Ms. Cohen participated in the meeting via conference telephone at 1:00 p.m. that permitted all parties to hear each other.

<sup>2</sup> Mr. Santoro participated in the meeting via conference telephone that permitted all parties to hear each other.

<sup>3</sup> Mr. Webb participated in the meeting via conference telephone that permitted all parties to hear each other.

## INTRODUCTION

Dr. Lisi welcomed Mr. Paul H. Mounds, Jr., to the CHESLA Board of Directors. Mr. Mounds is Vice President of Policy and Communication at the Connecticut Health Foundation and serves as a Trustee at Trinity College.

Mr. Mounds thanked Dr. Lisi for the opportunity to serve on the CHESLA Board of Directors.

## MINUTES

Dr. Lisi requested a motion to approve the March 1, 2018 Board of Directors minutes. Ms. Steiner moved to approve the minutes and Mr. Kitowicz seconded the motion.

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

### AYES

Steven Kitowicz  
Dr. Peter Lisi  
Sheree Mailhot  
Julie Savino  
Erika Steiner  
Jeanette Weldon

### NAYS

None

### ABSTENTIONS

Paul H. Mounds, Jr.<sup>4</sup>

## BOARD SELF-EVALUATION REPORT – Ann Zucker, Carmody Torrance Sandak & Hennessey LLP

Dr. Lisi thanked Ms. Zucker and her assistant for arranging the telephone interviews for the survey with the CHESLA Board of Directors.

Ms. Zucker reported that out of seven CHESLA Board members, six Board members completed the online survey and telephone survey. By design, the Executive Director did not participate.

Ms. Zucker reviewed the areas of inquiry which were: Board meetings; membership; structure; indemnification; culture and ethics; roles and responsibilities; relationship with management and corporate governance.

Ms. Zucker presented the results of the CHESLA survey. Most areas covered in the survey had a positive consensus regarding: meetings; logistics; board materials; background and experience of directors; relationship with management team and staff; ethics; confidentiality; culture and team work. Some observations were: to improve diversity of the Board; better reporting from committees; update directors on indemnification; self-evaluation and review of committee rules and responsibilities annually.

The Board should also give consideration to: key risks; risk assessment system; efforts on CHESLA's cybersecurity; and discussion on succession planning.

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<sup>4</sup> Mr. Mounds abstained from voting as he did not attend the March 1, 2018 Board Meeting.

Board members identified the following as top priorities: utilize the strategic plan to guide business; educate legislature and public on the role and success of CHESLA and its students; continue wise financial management in light of legislature's disinclination for additional debt; continue forward thinking on established scholarship programs; offer new products, increase Board education; maintain a competitive edge in the marketplace; and anticipate change in Governor for January 2019.

Board members were pleased with the Board leadership and indicated it was a pleasure and honor to serve. The Directors with strong technical expertise were encouraged to provide background for their remarks and questions. The recommendations are to develop a program to increase diversity and Board education; discuss succession planning for the management team; hold CHESLA presentations at CHEFA Board meetings periodically and continue with the Board self-assessments.

### **UPDATE ON CHESLA PROCEDURES**

Ms. Aguilera reviewed the proposed amendments to CHESLA's Procedures that would update the required non-discrimination language and change the date for budget submission to the board to June 30. The amendments to the procedures will not become effective until 30 days after a notice is published in the CT Law Journal, unless comments are submitted that would warrant the Executive Director to come back to the Board to reconsider or further revise the procedures.

Dr. Lisi requested a motion to approve the amended CHESLA Procedures, Resolution #2018-01. Mr. Kitowicz moved to approve Resolution #2018-01 and Ms. Savino seconded the motion.

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

<b><u>AYES</u></b>	<b><u>NAYS</u></b>	<b><u>ABSTENTIONS</u></b>
Steven Kitowicz Dr. Peter Lisi Sheree Mailhot Paul Mounds Julie Savino Erika Steiner Jeanette Weldon	None	None

### **QUARTERLY FINANCIAL REPORT**

Ms. Levin provided a report on the CHESLA financial statements for the nine months ending March 31, 2018.

## EXECUTIVE DIRECTOR'S REPORT

### Legislative Updates

Mr. Wasch reported that it has been a busy legislative year and he provided an update on key meetings and activities that have occurred. In terms of key meetings, staff has had a number of meetings with executive staff around some topic areas. This year, the Governor has hired a new liaison, Ms. Mandisa Lewis. She is the liaison to agencies that utilize the Higher Education and Employment Advancement Committee as their Committee of Cognizance. Mr. Wasch and Ms. Weldon met with the Higher Education Committee and provided updates on activities of CHESLA and CHEFA. There was a significant amount of interest in CHESLA and its activities. After the meeting, some of the Co-Chairs indicated that they wanted to post links to CHESLA's RefiCT program and CT Dollars and Sense websites on their websites. Representative Haddad was interested in receiving CHESLA materials on the refinancing programs. Mr. Wasch pointed out that he and Ms. Weldon also met with House Majority Leader Matt Ritter and Speaker Joe Aresimowicz and there was a lot of interest in getting CHESLA information on the Dollars and Sense website to their constituents. They were pleased with CHESLA's outreach to students. Mr. Wasch added that there has been activity on the federal side and this past November, he and Ms. Weldon met with an aide to Senator Murphy and had a conference call with aides to Senator Blumenthal regarding Private Activity Bonds.

Mr. Wasch also discussed the proposed bills during the session that related to CHESLA. Senate Bill 213 was seeking to create another quasi-public agency to focus on apprenticeship and workforce programs coordinating with higher education in Connecticut and bringing resources to enhance programs for students seeking to obtain degrees. Ms. Weldon provided testimony in support of that bill and a subsequent iteration included giving CHESLA a seat on the board of the proposed quasi-public agency. However, the bill ultimately did not make it out of the legislature.

Mr. Wasch provided an update on the bills that passed:

- Public Act 18-64 – This Act tightens rules around ethics and when employees attend programs outside the State and are required to report their lodging expenses.
- Public Act 18-93 – This Act requires agencies to inform the employees that an FOI request was made regarding their disclosable information and that the information was provided.
- Public Act 18-137 – Auditors must report misuse of quasi-public funds and the Act also puts a cap of \$50,000 on settlements or non-disparagement agreements of employees that are planning to leave employment.

The re-election of State legislators will be taking place, as well as key executive officers, most notably the state treasurer and governor. Mr. Wasch reported that next fiscal year CHESLA is planning to host a legislative breakfast.

Mr. Wasch also provided a brief update on the Department of Banking's efforts to license a servicer, the Pennsylvania Higher Education Assistance Agency (PHEAA). As a servicer of federal loans, PHEAA was having difficulty in getting the Federal Department of Education to give them permission to share documentation with the State. The issue of federal preemption of state law has raised interest with Representative Lesser and some of our national delegation. Mr. Wasch indicated that he would closely track this case moving forward.

Mr. Wasch added that there is a lawsuit that was initiated concerning the sweeps that happened in the past at the Connecticut Green Bank. Numerous environmental groups are claiming violations of the federal Constitution in terms of changing private contracts. He stated that he will be tracking this case.

### Portfolio Update

Mr. Hurlock provided an update on the following items:

- Portfolio Fact Sheet
- CCA Default Collections and CT Income Tax Intercepts through March 2018
- Loan disbursement data
- Market segment data
- Loan origination comparison to cash flow assumptions
- Refi CT disbursement data
- Refi CT portfolio analysis
- Strategic Plan dashboard with marketing highlights
- CT Dollars and Sense Google Analytics

Mr. Hurlock highlighted some recent marketing activities including CHESLA's sponsorship of a FOX61 Student News contest, which culminated in a student award ceremony. A CHESLA/CHET Higher Education Award was presented by Ms. Weldon to a team of students. Mr. Hurlock also stated that he represented CHESLA as an exhibitor at a high school guidance counselors' conference at the University of Hartford and Dr. Lisi stopped by the event. Dr. Lisi remarked that Mr. Hurlock did an excellent job of representing the Authority.

Ms. Weldon provided some highlights of achievements related to the FY 2018 Strategic Plan initiatives.

### FY 2019-2021 STRATEGIC PLAN

Ms. Weldon stated that a final version of the FY 2019-2021 Strategic Plan was included in the Board meeting materials and highlighted some key CHESLA initiatives for the next three years.

### AUDIT-FINANCE / HUMAN RESOURCES COMMITTEE REPORT

Mr. Kitowicz reported that the Audit-Finance/Human Resources Committee reviewed the proposed FY 2019 Operating Budget and adopted the budget. Some of the highlights of the budget are that it includes funds to hire a portfolio assistant to assist with day-to-day responsibilities and other projects. There was also an increase in marketing costs to expand marketing initiatives.

Mr. Mounds inquired about the 15% increase in insurance premiums and asked if this is an average increase. Ms. Weldon stated that CHEFA/CHESLA obtains their medical insurance through CBIA and the broker that the Authority works with provides a number of options with estimated rates.

Mr. Mounds inquired if CHESLA has a consultant in mind for the social media consultant. Ms. Weldon stated that a Request for Proposal may be issued by CHEFA with certain CHESLA-specific tasks included.

Dr. Lisi requested a motion to approve the FY 2019 Operating Budget. Ms. Steiner moved to approve the FY 2019 Operating Budget; Ms. Savino seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Dr. Peter Lisi Paul H. Mounds, Jr. Julie Savino Erika Steiner Jeanette Weldon	Steven Kitowicz Sheree Mailhot	None

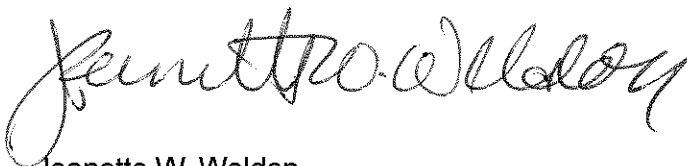
### ADJOURNMENT

There being no further business, Dr. Lisi moved to adjourn the meeting at 1:02 p.m. and Mr. Kitowicz seconded the motion.

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

<u>AYES</u>	<u>NAYS</u>	<u>ABSTENTIONS</u>
Steven Kitowicz Dr. Peter Lisi Sheree Mailhot Paul H. Mounds, Jr. Julie Savino Erika Steiner Jeanette Weldon	None	None

Respectfully submitted



Jeanette W. Weldon  
Executive Director