

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY

Minutes of CHESLA Special Board Meeting

April 15, 2024

The State of Connecticut Higher Education Supplemental Loan Authority held a special meeting via videoconference on Monday, April 15, 2024.<sup>1</sup>

The special videoconference meeting was called to order at 11:02 a.m. by Mr. Peter W. Lisi, Chair of the CHESLA Board of Directors. Those present and absent were as follows:

PRESENT: Peter W. Lisi, Chair  
Laura M. Baker (*Designee for Chief Workforce Officer Kelli-Marie Vallieres*)  
Martin L. Budd  
Bettina Bronisz (*Designee for Connecticut State Treasurer Erick Russell*)  
Andrew Foster  
Estela Lopez  
Julie B. Savino, Vice Chair  
Jeanette W. Weldon (*Executive Director CHEFA and CHESLA*)

ABSENT: Michael Izadi (*Designee for Connecticut OPM Secretary Jeff Beckham*)  
Kerry A. Kelley (*Designee for CT State Colleges and Universities President Terrence Cheng*)

ALSO PRESENT: Denise Aguilera, General Counsel, CHEFA  
Rebecca Hrdlicka, Administrative Services Assistant, CHEFA  
Josh Hurlock, Assistant Director, CHESLA  
Carlee Levin, Senior Accountant, CHEFA  
JoAnne Mackewicz, Controller, CHEFA  
Shannon Reynolds, Portfolio Specialist, CHESLA  
Kara Stuart, Manager, Administrative Services, CHEFA  
Yesenia Torres-Rivera, Program Coordinator, CHESLA

INVITED GUESTS: Sandra Dawson, Member, Pullman & Comley  
Jeff Wagner, Managing Director, RBC Capital Markets  
Tim Webb, Senior Vice President, Hilltop Securities

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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: CHESLA BOARD OF DIRECTORS MEETING**

Mr. Lisi requested a motion to approve the meeting minutes of the March 18, 2024 Board of Directors meeting. Mr. Foster moved to approve the minutes and Ms. Baker seconded the motion.

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

**AYES**

Peter W. Lisi  
Laura Baker  
Bettina Bronisz  
Andrew Foster  
Julie B. Savino  
Jeanette W. Weldon

**NAYS**

None

**ABSTENTIONS**

Martin L. Budd<sup>2</sup>  
Estela Lopez<sup>3</sup>

**AUTHORIZING RESOLUTION FOR THE 2024 SERIES BONDS (RESOLUTION #2024-02)**

Ms. Weldon introduced the proposed bond transaction of up to \$31 million that is scheduled to price on May 8, 2024. Ms. Weldon noted that May 8<sup>th</sup> is the same day that the Federal PLUS Loans will be priced and reported that the proposed transaction is expected to close by May 30, 2024.

Mr. Hurlock reported on the size of the proposed bond transaction, which is typically calculated based on a 5-year average of disbursement projections. Mr. Hurlock reported on CHESLA’s inclusion to UCONN’s Preferred Lender List as well as the delays and errors with the FAFSA. Therefore, Mr. Hurlock stated that the loan disbursement projections were calculated with a 10% increase in monthly disbursements. A brief discussion ensued regarding the update as a preferred lender with UCONN.

Ms. Weldon then turned the floor over to Mr. Tim Webb, Senior Vice President of Hilltop Securities, to present the transaction overview for the CHESLA State Supported Revenue and Refunding Bonds 2024 Series B – AMT. Mr. Webb provided a detailed overview on the following topics:

- Bond Series Overview
- Preliminary Sources and Uses
- Preliminary Bond Structure

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<sup>2</sup> Mr. Budd abstained from voting as he did not attend the March 18, 2024 CHESLA Board of Directors Meeting.

<sup>3</sup> Ms. Lopez abstained from voting as she did not attend the March 18, 2024 CHESLA Board of Directors Meeting.

- Cash Flow Assumptions and Results
  - Expected Case Sources and Uses
  - Cash Flow Report
  - SCRF (Reserve Fund Report)
- Financing Team

During the presentation, the floor was opened to questions and the following was clarified during discussion:

- CHESLA's current In-School interest rate is 6.35% fixed.
- The residual of the portfolio, in the expected case, would grow approximately \$5 million in equity assuming the 6.35% fixed interest rate.
- The highest stress test for the SCRF was 18%, which demonstrated no withdrawals.
- As of March 2024, CHESLA's gross default rate is 5.77% and the net default rate is 2.24%.

Mr. Jeff Wagner, Managing Director of RBC Capital Markets, then presented an overview on the market conditions and headlines relating to the Federal fund rates.

Finally, Mr. Webb noted the positive impact of the proposed legislation for funding the SCRF account with surety bonds rather than cash flows but that it would not impact the current proposed transaction.

A discussion ensued regarding the favorability of CHESLA loans compared to federal loans and the increased demand due to current market conditions (e.g., geo-political climate, persistent inflation, delay in FAFSA, federal loan interest rates, availability of home equity loans, Stafford loan rates). Mr. Hurlock also clarified that contributing refinance loans as equity to a transaction is a balancing act, as CHESLA is seeking to determine the sustainability of the Refi CT program as a revolving loan fund.

Mr. Budd requested that the authorized resolution be amended to remove the language regarding federally taxable loans, which was agreed to by Ms. Sandra Dawson of Pullman & Comley (bond counsel), Mr. Webb, Mr. Lisi, and Ms. Weldon.

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Mr. Lisi requested a motion for approval of the up to \$31,000,000 for the 2024 Series Bonds (Authorizing Resolution #2024-02) with the change discussed. Mr. Budd moved for approval and Ms. Bronisz 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
Laura Baker		
Bettina Bronisz		
Martin L. Budd		
Andrew Foster		
Estela Lopez		
Julie B. Savino		
Jeanette W. Weldon		

**RESOLUTION: AMENDMENTS TO SCHOLARSHIP PROGRAM MANUAL (RESOLUTION #2024-03)**

Ms. Aguilera reported on the proposed amendments to the scholarship program manual regarding applicant eligibility, which included the following updates:

- The definition of “eligible student” would be amended to include a reference to a healthcare and manufacturing certificate program, rather than referenced in the application section of the manual.
- The phrase, “planning to enroll in”, was added in reference to the healthcare and manufacturing certificate program as well as the CT Alternate Route to Certification Program, as applicants may not be enrolled in a program prior to applying for a scholarship.
- The first applicant requirement was simplified to read “An eligible student for the upcoming Academic Year”.
- The phrase “enrolled in”, regarding the healthcare or manufacturing certificate program as well as the CT Alternate Route to Certificate Program, was added to the second applicant requirement.

Mr. Lisi requested a motion for approval of the amendments to the scholarship program manual (Authorizing Resolution #2024-03). Ms. Lopez moved for approval and Ms. Savino seconded the motion.

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

**AYES**

Peter W. Lisi  
Laura Baker  
Bettina Bronisz  
Martin L. Budd  
Andrew Foster  
Estela Lopez  
Julie B. Savino  
Jeanette W. Weldon

**NAYS**

None

**ABSTENTIONS**

None

Mr. Budd inquired about the approval of the supplemental resolution and draft preliminary official statement regarding the bond issue, which Ms. Dawson reported is part of the authorizing resolution already approved by the Board.

Ms. Bronisz requested a copy of the revised authorizing bond resolution as part of the Treasurer's recommendation for the SCRF, which Ms. Dawson confirmed.

Mr. Lisi thanked Mr. Webb and Mr. Wagner for their hard work on the proposed transaction.

**OTHER BUSINESS**

Mr. Lisi noted that the next Board meeting is scheduled for June 13, 2024.

**ADJOURNMENT**

There being no further business, Mr. Lisi requested a motion to adjourn the meeting. Ms. Savino moved to adjourn the meeting, and Mr. Foster seconded the motion.

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

**AYES**

Peter W. Lisi  
Laura Baker  
Bettina Bronisz  
Martin L. Budd  
Andrew Foster  
Estela Lopez  
Julie B. Savino  
Jeanette W. Weldon

**NAYS**

None

**ABSTENTIONS**

None

The special videoconference meeting adjourned at 11:48 a.m.

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Respectfully submitted,

Jeanette W. Weldon  
Executive Director