

CONNECTICUT HIGHER EDUCATION SUPPLEMENTAL LOAN AUTHORITY
Minutes of Authority Board Meeting
June 25, 2020

The State of Connecticut Higher Education Supplemental Loan Authority held a telephonic meeting at 11:30 a.m. on Thursday, June 25, 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

Also Present: Jeanette W. Weldon, Executive Director
Denise Aguilera, General Counsel, CHEFA
Kevin Barry, Accountant, CHEFA
Debrah Galli, Manager of Administrative Services, CHEFA
Joshua Hurlock, Assistant Director, CHESLA
Carlee Levin, Sr. Accountant, 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., Day Pitney LLP
Lew DeLuca, Coordinator, Student Financial Literacy and Advising, SCSU
Joseph Santoro, Director-Education Finance Team Leader,
BofA Securities, Inc.
Jeff Wagner, Managing Director, RBC Capital Markets
Thomas H. Webb, Director, Hilltop Securities N. A

APPROVAL OF MINUTES

Mr. Lisi requested a motion to approve the meeting minutes of the March 24, 2020 Board of Directors Special 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:

AYES

Peter W. Lisi
Benjamin B. Barnes

NAYS

None

ABSTENTIONS

Andrew A. Foster²
Darrell V. Hill³

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

² Mr. Foster abstained from voting as he did not attend the March 24, 2020 meeting.

³ Mr. Hill abstained from voting as he did not attend the March 24, 2020 meeting.

Martin Budd
Steven Kitowicz
Julie B. Savino

EXECUTIVE DIRECTOR'S REPORT

Authority Update

Ms. Weldon reported that CHESLA is continuing to work remotely successfully. As presented to the CHESLA Board on June 12, 2018, Ms. Weldon provided an overview of the CHEFA/CHESLA Strategic Plan Status Report FY 2020, which was distributed with the meeting materials. Ms. Weldon said that each pillar had a slide with the proposed Fiscal Year 2020 goals followed by a slide for the pillar indicating what has been achieved in FY 2020, and FY 2021 goals. Activity for each of the following pillars was reviewed in the status report:

- Pillar I: Collaboration
- Pillar II: Economic and Workforce Development for the Public Good
- Pillar III: Technology
- Pillar IV: Innovation
- Pillar V: Public Engagement and Accountability

A discussion ensued.

Ms. Weldon stated this is the second year completed in the three-year strategic plan and FY 2021 will be the final year. There will be meetings within the next year to establish CHEFA/CHESLA's next three-year strategic plan.

Portfolio Update

Mr. Hurlock provided an update on the following items:

- In-School Portfolio Fact Sheet
- Refi CT Portfolio Fact Sheet
- CCA Default Collections and CT Income Tax Intercepts
- In-School Loan Program disbursement data
- In-School Loan Program market segment data
- Loan originations comparison to cash flow assumptions
- Refi CT disbursement data
- Refi CT portfolio analysis
- Strategic Plan dashboard with marketing highlights
 - FOX 61 spot with CHESLA staff
 - Financial Aid Basics recorded presentation
 - Flyer/Information sheet for certificate scholarship to workforce boards
 - FOX 61 virtual Student News Awards Ceremony (CHESLA Education Award)
- Originator & Servicer Updates:
 - Campus Door and UAS performance data

Mr. Budd inquired about Mr. Hurlock's experiences with the transitions regarding Campus Door and UAS and a brief discussion ensued.

Website Analytics

Ms. Reynolds provided an update and comparison on Google Analytics regarding CT Dollars and Sense and CHESLA.org. The goal has been to increase awareness of CT Dollars and

Sense, and CHESLA programs, and the resources offered to students and families. From July 2019 to March 2020, there has been an increase in pageviews, number of sessions, session times, users, loan volume and program inquiries.

Outreach Update

Ms. Rozio reported that to extend CHESLA's reach in the community, a Financial Aid Basics presentation to present to high school juniors and seniors was created. The presentation highlights information about the FAFSA, Financial Aid Award Letter, comparing colleges financially, understanding how interest works, and more. The purpose of this presentation is to provide students and families with the information they need to go through the financial aid and paying for college process. The CHESLA outreach program officially launched in February 2020 at Litchfield High School. Ms. Rozio stated plans have been altered due to the pandemic, so a virtual presentation has been created. The virtual presentation is accessible on CHESLA's YouTube page and was shared with the CT State Department of Education to provide to every high school in the state.

QUARTERLY FINANCIAL REPORT

Ms. Levin reported on the quarterly financial statements as of March 31, 2020.

Ms. Levin reported on the FY 2020 student write-offs from CHESLA's collection agency: Ms. Levin stated the criteria for writing off accounts are that any accounts with no payment activity on or before 5/31/2019 will be written off for accounting purposes. If a payment was made between 6/1/2019 - 5/31/2020, that account would not be selected to be written off. Also, any account that has been at CCA for less than a year would not be selected to be written off. Ms. Levin reported the amount of student loans to be written off this fiscal year is \$498,687 which is higher than last year's write offs of \$306,273. The recoveries for this year through May 31st are \$117,025 which is higher than last year's recoveries of \$80,000.

POST-SALE REPORT – 2020 BOND TRANSACTION – TIM WEBB, HILLTOP SECURITIES

Mr. Webb reported on the Post-Sale Report of CHESLA's 2020 Bond Transaction. The CHESLA bond deal closed June 11th. 2020 Series B consisted of \$19 million in revenue bonds for in-school loan proceeds for the 2020-2021 academic year. Series C and D were refunding bonds. The successful bond transaction resulted in a historically low 4.85% fixed rate for new loans.

A discussion ensued.

SCHOLARSHIP UPDATE

Ms. Reynolds stated the application period for the scholarship program ran from March 2, 2020 through May 1, 2020. CHESLA received 318 qualified applicants; representing 26 institutions and 78 Connecticut cities and towns. Ms. Reynolds gave an overview of the characteristics of qualified applicants, reporting on status, institution type, grade level, gender, race/ethnicity, and age group.

Mr. Budd inquired about the \$487,500 total funding for the scholarship recipients. Mr. Hurlock stated the CHESLA Board had previously approved an allocation of \$450,000 for the undergraduate degree program, but due to an existing balance in the scholarship account, there

are additional funds available. Mr. Hurlock proposed to award the \$487,500 versus the \$450,000 that was originally allocated. A brief discussion ensued

Mr. Budd moved to approve the allocation of \$487,500 instead of the original \$450,000 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		

Ms. Reynolds reported the \$487,500 will fund 167 recipients representing 23 institutions and 64 Connecticut cities and towns.

AUDIT-FINANCE COMMITTEE REPORT

Mr. Kitowicz reported on the CHESLA Audit-Finance/Human Resources committee meeting that occurred prior to the Board meeting. Mr. Kitowicz said the important things to note about the CHESLA FY 2021 Budget are the following:

- The compensation budget increased due to the CHEFA consultant, Human Resource Consortium’s, recommendation for a salary grade adjustment to insure internal equity.
- CHEFA support service fees decreasing primarily due to improved tracking of actual time spent by CHEFA staff in connection with CHESLA activities.
- A budgeted item for a consultant to conduct an economic impact study of CHESLA programs.

Ms. Weldon gave an overview of the items above and a discussion ensued.

Approval of the FY 2021 Budget

Mr. Lisi requested a motion to approve the Audit-Finance committee’s recommendation to accept the FY 2021 Budget as presented. 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		

FINAL

ADJOURNMENT

There being no further business, at 1:15 p.m., Mr. Budd moved to adjourn the meeting and 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
Darrell V. Hill
Steven Kitowicz
Julie B. Savino
Jeanette W. Weldon

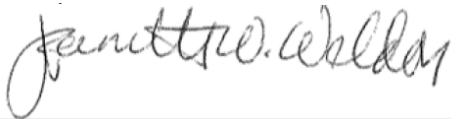
NAYS

None

ABSTENTIONS

None

Respectfully submitted



Jeanette W. Weldon
Executive Director

CHESLA Budget
Budget for the Twelve Months Ending June 30, 2021

	FYE June 30, 2018 Budget	FYE June 30, 2018 Actual	FYE June 30, 2019 Budget	FYE June 30, 2019 Actual	FYE June 30, 2020 Budget	FYE June 30, 2020 Proj Actual *	FYE June 30, 2021 Budget
Revenues							
Admin Fee Income							
In-school product	\$ 892,111	\$ 903,597	\$ 910,818	\$ 908,971	\$ 932,998	904,266	\$ 893,893
Refinance product	16,803	23,697	42,230	39,272	53,402	55,443	60,376
Investment Income	9,000	51,749	30,000	88,559	50,000	54,353	20,000
Misc Income & Recovery	0	5,136	0	0	0	611	0
Total Revenues	\$ 917,914	\$ 984,179	\$ 983,048	\$ 1,036,803	\$ 1,036,400	\$ 1,014,673	\$ 974,269
Expenses							
Compensation	\$ 184,673	\$ 98,897	\$ 235,604	\$ 136,341	\$ 190,613	\$ 186,438	\$ 219,018
Employee Benefits	53,361	37,780	73,832	48,149	65,452	61,346	73,738
General and Administrative	139,921	128,551	150,805	256,031	256,036	242,013	286,064
Depreciation/Amortization	0	18	0	206	206	206	206
Business Education, Board and Reimbursable	11,900	2,832	12,450	7,279	13,150	7,148	13,400
Membership Dues	12,599	12,771	13,500	13,976	17,100	16,749	17,100
CHEFA Support Services	206,109	206,109	209,000	201,212	238,355	133,044	137,649
Outside Services	35,490	34,110	44,925	44,388	84,300	61,388	55,900
Total Expenses	\$ 644,054	\$ 521,069	\$ 740,116	\$ 707,580	\$ 865,212	\$ 708,331	\$ 803,074
Excess Revenue from Operations	\$ 273,860	\$ 463,110	\$ 242,932	\$ 329,222	\$ 171,189	\$ 306,341	\$ 171,195
Non Operating Income							
Transfer from Non-Trust Refi Program to Operating Account	0	0	0	0	50,000	0	0
Non Operating Expenses							
Bond Issuance Costs & Amortization & Transfer to Trust	32,635	142,635	0	0	0	0	0
Transfer between Operating & Trust	0	(1,000,000)	0	1,015,657	0	17,461	0
Refinance Program Costs Funded at Start-up	128,093	40,183	87,911	52,569	35,341	35,341	0
Total Excess Revenue	\$ 113,133	\$ 1,280,293	\$ 155,022	\$ (739,004)	\$ 185,847	\$ 253,538	\$ 171,195
Benefit % to Compensation							
	28.89%	38.20%	31.34%	35.31%	34.34%	32.90%	33.67%

* Projected Actual is based on Actual Financials as of April, 2020, plus 2 months of projected amounts.

CHESLA Salary & Benefits Expense
Budget for the Twelve Months Ending June 30, 2021

	FYE June 30, 2018 Budget	FYE June 30, 2018 Actual	FYE June 30, 2019 Budget	FYE June 30, 2019 Actual	FYE June 30, 2020 Budget	FYE June 30, 2020 Proj Actual	FYE June 30, 2021 Budget
Staff Compensation	\$ 171,829	\$ 98,897	\$ 205,964	\$ 136,341	\$ 190,613	\$ 186,438	\$ 219,018
Temporary Salaries (Intern)	12,844	0	0	0	0	0	0
Total Compensation	\$ 184,673	\$ 98,897	\$ 205,964	\$ 136,341	\$ 190,613	\$ 186,438	\$ 219,018
Payroll Taxes	\$ 14,234	\$ 9,330	\$ 20,364	\$ 11,015	\$ 15,675	\$ 15,646	\$ 17,065
Medical & Life Insurance							
CBIA Medical w/CBIA Life	4,570	4,467	8,632	8,059	10,496	10,362	11,889
Deductible Funding HSA (CHEFA)	2,175	2,100	6,450	5,250	4,350	4,200	5,250
Less: CBIA Co-insurance	(956)	(785)	(1,295)	(1,220)	(1,564)	(1,550)	(1,783)
Net Medical Insurance	5,789	5,782	13,787	12,088	13,282	13,012	15,356
CHEFA Alternative Insurance	2,800	1,167	2,800	0	2,369	1,938	2,800
Life Insurance	731	384	1,201	696	1,037	1,026	1,192
Dental	2,505	2,332	2,799	1,088	1,105	1,135	1,223
Less: Dental Co-Insurance	0	(3)	(28)	(29)	(140)	(63)	(91)
Total Medical, Life Insurance & Other	11,825	9,663	20,559	13,842	17,653	17,048	20,480
Pension							
Contributions	17,183	9,592	22,078	11,147	19,391	17,045	21,737
Administrative Fee	594	594	594	528	396	395	395
Total Pension	17,777	10,186	22,672	11,675	19,787	17,440	22,132
457 Plan	2,508	1,920	4,008	2,596	4,269	4,154	4,500
Vacation	0	0	1,000	4,821	1,000	0	2,000
Disability Insurance - Long Term	506	577	751	498	686	687	865
Disability Insurance - Short Term	740	716	910	559	771	760	935
Workers Compensation	771	789	568	842	611	611	761
Tuition	5,000	4,600	3,000	2,300	5,000	5,000	5,000
Total Employee Benefits	54,312	37,780	73,832	48,149	65,452	61,346	73,738
Total Employment	\$ 238,985	\$ 136,677	\$ 279,796	\$ 184,489	\$ 256,065	\$ 247,784	\$ 292,756

**CHESLA Non Salary Expense
Budget for the Twelve Months Ending June 30, 2021**

Exhibit I

	FYE June 30, 2018 Budget	FYE June 30, 2018 Actual	FYE June 30, 2019 Budget	FYE June 30, 2019 Actual	FYE June 30, 2020 Budget	FYE June 30, 2020 Proj Actual	FYE June 30, 2021 Budget
Lease & Storage							
Lease - Office Space	\$ 19,722	\$ 19,049	\$ 20,095	\$ 20,013	20,664	\$ 20,461	\$ 21,113
Lease - Taxes/CAM fees	408	-	80	1,590	120	0	\$ 120
Offsite Storage & Filesanywhere (electronic storage)	135	116	135	133	135	254	\$ 250
Total Lease & Storage	20,265	19,165	20,310	21,735	20,919	20,716	\$ 21,483
Business Insurance							
Office Package	593	603	634	606	637	627	\$ 658
Cyber Policy	4,855	4,680	4,241	4,095	3,315	3,780	\$ 4,862
Fiduciary & Performance Bond & Terrorism	290	264	277	264	277	265	\$ 277
Directors and Officers Liability / Public Officials	15,677	15,443	16,721	15,649	16,857	17,603	\$ 19,611
Total Business Insurance	21,415	20,990	21,873	20,614	21,086	22,274	\$ 25,408
Office Supplies and Non Capital Equipment							
General Office Expense and Supplies	1,000	590	1,000	1,999	2,000	1,610	\$ 2,000
Non-Capital furniture, Equipment & Software Licensing	3,000	929	4,000	2,531	8,000	5,455	\$ 1,439
Total Office Supplies and Non Capital Equip	4,000	1,518	5,000	4,530	10,000	7,065	\$ 3,439
Communications: Telephone & Internet							
Phone, Data Svc & Conferencing	3,000	2,586	4,000	3,327	4,900	1,990	\$ 5,141
Email (Trend Micro Email & Security)	86	35	707	0	707	0	0
Website Development & Hosting	1,500	1,728	1,500	0	1,500	686	\$ 721
Total Communications: Phone & Internet	4,586	4,349	6,207	3,327	7,107	2,677	\$ 5,862
Postage Expense							
Postage & Courier Expense	2,500	1,538	2,000	1,688	2,000	1,523	\$ 2,000
Maintenance Contracts	6,516	4,616	9,590	5,720	15,191	10,629	\$ 16,797
Publications & Resource Materials	175	68	175	68	175	68	\$ 175
Marketing Costs	80,000	76,060	85,000	82,511	178,659	176,062	\$ 210,000
Miscellaneous	550	247	650	115,839	900	957	\$ 900
Bank Fees & Safe Deposit Box	250	247	250	317	500	218	\$ 500
Staff Activities	0	0	100	0	100	0	\$ 100
Miscellaneous	300	0	300	115,522	300	739	\$ 300
Total Miscellaneous	550	247	650	115,839	900	957	\$ 900
Total General and Administrative Expenses	\$ 140,007	\$ 128,551	\$ 150,805	\$ 256,031	\$ 256,036	\$ 241,970	\$ 286,064
* Refinance Program Costs Funded at Start-up (used for Marketing as of 7/1/2017)	128,093	40,183	87,911	52,569	35,341	35,341	0
Bond Insurance Cost - Amortization	32,635	32,635	0	0	0	0	0
Bond Issuance Costs	0	0	0	0	0	0	0
Total Bond Issuance Cost	\$ 32,635	\$ 32,635	0	0	0	0	0

CHESLA Non Salary Expense
Budget for the Twelve Months Ending June 30, 2021

	FYE June 30, 2018 Budget	FYE June 30, 2018 Actual	FYE June 30, 2019 Budget	FYE June 30, 2019 Actual	FYE June 30, 2020 Budget	FYE June 30, 2020 Proj Actual	FYE June 30, 2021 Budget
Depreciation/Amortization	\$ 0	18	0	206	206	206	\$ 206
Employee Reimbursable							
Staff business and travel expenses	500	517	1,000	380	1,000	438	1,000
Total Employee Reimbursable	500	517	1,000	380	1,000	438	1,000
Board Expense							
Board lunches & parking	500	377	550	604	650	689	1,000
Board education	0	0	0	0	0	0	0
Total Board Expense	500	377	550	604	650	689	1,000
Conference & Education Expense							
CAPFAA	1,400	560	1,400	1,016	2,000	2,077	2,100
EFC	3,500	0	3,500	3,909	4,500	2,619	4,000
EASFAA	0	1,278	1,000	1,262	1,000	0	1,300
NASFAA	5,000	0	2,000	0	0	0	0
Other (Conferences and non tuition education)	1,000	100	3,000	108	4,000	1,325	4,000
Total Conference & Education Expense	10,900	1,938	10,900	6,295	11,500	6,022	11,400
Total Business Education, Board and Reimbursable	\$ 11,900	\$ 2,832	\$ 12,450	\$ 7,279	\$ 13,150	\$ 7,148	\$ 13,400
Memberships Dues	\$ 12,599	\$ 14,289	\$ 13,500	\$ 13,976	\$ 17,100	16,749	\$ 17,100
CHEFA Support Services	\$ 206,109	\$ 206,109	\$ 209,000	\$ 201,212	\$ 238,355	133,044	\$ 137,649

**CHESLA Non Salary Expense
Budget for the Twelve Months Ending June 30, 2021**

	FYE June 30, 2018 Budget	FYE June 30, 2018 Actual	FYE June 30, 2019 Budget	FYE June 30, 2019 Actual	FYE June 30, 2020 Budget	FYE June 30, 2020 Proj Actual	FYE June 30, 2021 Budget
Accounting Systems							
Enhancements (IT)	0	0	0	0	0	0	0
Total Accounting and IT Systems	0	0	0	0	0	0	0
Consultant Others							
Communications Strategy Consultant and other related expenses	0	0	10,000	9,250	50,000	27,088	0
Insurance Consultant	6,300	6,300	6,300	6,300	6,300	6,300	6,300
Other Consultants	0	0	0	212	0	0	20,000
Total Consultant Others	6,300	6,300	16,300	15,762	56,300	33,388	26,300
Independent Auditors	29,190	27,810	28,625	28,625	28,000	28,000	29,600
Total Outside Services	\$ 35,490	\$ 34,110	\$ 44,925	\$ 44,388	\$ 84,300	\$ 61,388	\$ 55,900